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FINANCIAL TIMES

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NEWS SUMMARY

GENERAL

African guerilla gunmen 'kill 26'

African nationalist guerillas were accused yesterday of massacring at least 26 black workers with automatic weapons on a tea estate near Rhodesia's eastern border with Mozambique.

The guerillas had abducted a number of workers, their wives and children on Sunday, according to a Rhodesian security force communiqué issued in Salisbury.

The men had then been singled out, forced to walk to a neighbouring tea estate and told to lie down. Opening fire, the guerillas killed at least 26 and injured seven others, it was claimed.

Rhodesia has accused nationalist guerillas of a series of similar incidents, including the murder of three Roman Catholic missionaries.

At the United Nations, the General Assembly yesterday called for wider economic sanctions against Rhodesia and asked the Security Council to meet urgently to consider the matter. Back Page

Aldermaston: plutonium scare

An urgent inquiry was underway yesterday at the Aldermaston, Berkshire, atomic weapons research establishment into how waste material contaminated with plutonium started smouldering over the weekend. Last night the Defence Ministry, describing the incident as "minor", said no-one was injured or contaminated, and no radioactivity escaped.

Army wife found dead in Uister

A British soldier's 24-year-old wife, whose husband is a lance corporal in the 4th Dragoon Guards attached to the Army dog unit in Uister, was found stabbed to death at her Lisburn, Co. Antrim, home yesterday. The couple's 15-month-old daughter was unharmed. Three weeks ago the Provisional IRA warned Army families that they could expect to be attacked.

Carter names 3 more for Cabinet

Mr. Jimmy Carter, U.S. President-elect, yesterday picked three more members of his Cabinet. Judge Griffin Bell is to be Attorney-General, while Mrs. Juanita Kreps becomes Commerce Secretary, and Mr. Bob Bergland, Agriculture Secretary. Judge Bell is a Georgian from Americus, 10 miles down the road from Mr. Carter's home town, Plains. Page 5

3 to face Spain land deal charges

Three people are to be accused in connection with deals in land and apartments in Spain totalling more than £1m. Scotland Yard's Serious Crimes Squad has been investigating the deals for several months and summonses will be applied for under the Exchange Control Act, 1947. Large sums are alleged to have been moved from the U.K. and used for buying and selling land. Cortes president mobbed in Madrid. Page 6

Four dangerous men at large

Four prisoners described by police as dangerous, escaped yesterday after overpowering their escort of three prison officers while being driven on demand to Swanscombe jail from a Haverfordwest court room.

Briefly...

The Commons agreed yesterday to honour former Labour Prime Minister Clement Attlee with a memorial at Westminster. Page 12

The RAF has put 10 Belfast heavy transport aircraft on sale because of Defence Ministry cuts.

Pope Paul is to canonise the blessed John Neumann of Philadelphia as the first American male saint.

BUSINESS

Stronger £ boosts equities and gilts

● **EQUITIES** made further gains, as stock market sentiment was encouraged by the improvement in sterling and the slackening in growth of the money supply. Profit-taking left final quotations below the day's best, but the tone remained sound. The FT 30-Share Index, 4.8 ahead at 1 p.m., closed at 341.0, up 1.5 on the day.

● **GILTS** also made fresh headway. Longs advanced up to 4, while the continuing tightness



of money failed to deter short-dated stocks, which improved up to 4. The Government Securities Index rose 0.13 to 59.18.

● **STERLING** gained 1.05 cents to close at \$1.6815. Its trade-weighted depreciation narrowed to 44.7 (44.8) per cent; dollar's widened to 1.53 (0.85) per cent. West German mark was very firm.

● **GOLD** rose 25 cents to \$132.125.

● **WALL STREET** was down 4.58 at 974.48 near the close.

● **EEC AGRICULTURAL** Ministers agreed on new beef import arrangements from April. Britain believes that it will be better placed to import beef if necessary and that this will help keep down prices. Page 23

Vauxhall plans new pay deal

● **VAUXHALL** is on the verge of a new agreement covering pay. The company's 15-month-old industrial disputes. The pact will put pressure on other car makers for similar deals. Back Page

● **EMPLOYMENT** Secretary, Mr. Albert Booth, will meet union officials to-day to discuss the electricians' strike which is threatening the future of the Rubery Owen factory at Darlington. Earlier story, Page 11

● **LEYLAND** has received a £1.2m. order from Tanzania for 300 Land Rovers, only days after the opening of its new commercial vehicle plant in neighbouring Kenya. Page 7

● **OIL** companies are trimming prices and are generally putting up the whole sale price of petrol by just 1p a gallon. Page 8

● **THERMO-NUCLEAR** fusion project, the JET—which most EEC countries feel should be built in the U.K. or Germany—is on its "deathbed" because the French refuse to have it built outside France. Page 4

● **FOUR SENIOR** railway executives and a new part-time member are to join the British Rail Board as part of a shake-up in the management structure. Back Page

● **KEYSER ULLMANN** reported a £8.3m. pre-tax loss in the half-year to September 30. Page 18 and Lex

● **ILLINGWORTH MORRIS** made pre-tax profit of £1.44m. (£0.78m.) on sales of £55m. (£44m.) in the first half. Page 17 and Lex

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)		
RISERS		
Treas. 151pe 1988 A...	599	+1
ASCCD. Dairies	184	+4
BICC	83	+5
Beecham	384	+4
Bibby (J.)	92	+10
British Naps	96	+4
Burton Group A	32	+3
Churchbury Estates	138	+4
Collins (Wm.)	98	+4
Coston (R.)	132	+3
DRG	83	+4
Edge Tool spec'd.	45	+20
Fosco Minsep	136	+8
Hammerman A	305	+7
Hawker Siddeley	436	+8
Imp. Cont. Gas	225	+11
Reckitt and Colman	330	+10
Reyer Ullmann	18	+3
Spear and Jackson	118	+6
Tarmac	112	+4
Taylor Woodrow	242	+12
Unilever	428	+12
East Asiatic Rubber	85	+28
Malayan Tin	213	+6
St. Piran	63	+6
Utah Mining	430	+10
Whim Creek	155	+35
FALLS		
Berisford (S. and W.)	142	-8
Keyser Ullmann	18	-3
NEPC	48	-3
N. Kitis (London)	143	-17
British-Borneo	138	-17
Buffelstein	600	-20
Doornfontein	185	-20
Winkelsbaak	405	-23

EEC fails to reach fishing agreement with Iceland

BY ROBIN REEVES, BRUSSELS, Dec. 20

The British industry's hopes of resuming fishing in Icelandic waters suffered a major setback here to-day when Mr. Finn Gundelach, the Brussels Commissioner for External Relations, confirmed that his four days of negotiations with the Iceland Government had ended inconclusively.

The hoped for unilateral statement allowing a limited amount of fishing from January 1—pending conclusion of a fully-fledged reciprocal fishing agreement with the Community—was not forthcoming.

The news was conveyed to the EEC Council of Ministers as they began negotiations here this evening to try to agree an interim Community fisheries regime from January 1, when the Nine's 200-mile fishing limits take effect.

The discussions ran into difficulties, with the Commission, in its revised interim regime plan, being accused of favouring Britain and Ireland, whose ban on factory ships was described by the West Germans as "totally unacceptable."

It undoubtedly made their task more difficult by giving less room to manoeuvre on the British and Irish claims for special treatment for their fishing industries. The chances of the U.K. and Irish Governments introducing their own national fishing control and conservation regimes next year were felt by many to have correspondingly increased.

Simonet presents plan to curb some steel sales

BY DAVID BUCHAN

THE BRUSSELS Commission to-day unveiled its long-awaited plan to restore the European steel industry to a healthier state. The plan is intended to improve the industry's present poor profitability and raise steel prices by restricting sales within the EEC for the first part of next year on certain finished products heavily in surplus.

Hinting that if this voluntary plan did not work, the Commission might attempt compulsory measures later next year, Mr. Henri Simonet, the EEC Commissioner for steel policy, set out some of the details in Brussels to-day. Some 30 letters would be sent to this week to steel companies or groups of companies giving them target reductions for January to April next year. The British Steel Corporation, and the British Independent Steel Producers Association (on behalf of seven of its members) will each be given targets.

Extended The Simonet plan had been envisaged for only the first three months of next year. But the full Commission decided this morning to extend it to April to give it a little longer to show results. If the plan works it may be extended further.

The voluntary sales quotas cover only six products—beams and sections, reinforcing bars, other merchant bars, wire rods, heavy and medium plate, and cold rolled sheets—and are essentially voluntary. Companies are legally free to dis-

Foot divides Tribune Group with plea for loyalty

BY RICHARD EVANS, LOBBY EDITOR

THE TRIBUNE Group of Left-wing MPs was badly divided last night following an appeal for loyalty to the Government by Mr. Michael Foot, Labour deputy leader and the Left's flag-bearer in the Cabinet.

Some hard-core members of the group insisted that they would divide against the Government at the end of to-day's Commons debate on the Chancellor of the Exchequer's economic package, but others backed Mr. Foot's call for support at such a difficult time for the Government.

The Shadow Cabinet, although critical of public spending programmes chosen for the regular defence, has decided to abstain on the procedural vote to adjourn the House, leaving the field open for Labour MPs to quarrel amongst themselves.

Both Mr. Callaghan and Mr. Healey appealed last week for party loyalty to ensure the Government's survival until its economic strategy bore fruit, and Mr. Foot, a member of the Tribune Group, backed them up last night at a 90-minute meeting. A decision on tactics will be made by the MPs shortly before the division.

The indications are that some Left-wingers will remain determined to express their disgust at

Another bread delivery boycott

By Elinor Goodman, Consumer Affairs Correspondent

BREAD delivery men in London and the South East are to refuse to deliver to shops selling bread at less than 18p a loaf from midnight to-night.

This is the second 24-hour unofficial boycott to be carried out by 2,500 members of the United Road Transport Union in the past four days.

It has been condemned by union officials, who are to meet Mr. Roy Battersley, Prices Secretary, to-morrow to discuss the "whole situation" as the actions of an "undemocratic minority."

But it means that some supermarkets may have to raise their prices by 1p or more—a loaf if they are to have enough bread to sell to-morrow.

The organisers of the boycott have said they will lift the ban on Thursday to avoid inconveniencing shoppers over Christmas.

The ban is a further protest at the Government's decision to lift the present statutory limit of 22p per cent on the discounts the bakers can give their retail customers from January 4.

About 60 bakers employing about 1,500 men were now without any obvious fishing grounds and he thought total of up to 10,000 jobs in Humber and Fleetwood were at risk. "There will be considerable social and economic distress in these areas," he said.

The lifting of the discount ceiling was attacked last week by both baking unions and the management, who feared that it would lead to a price war which could seriously damage the industry.

But the likelihood of a price war seemed to have been averted when the three biggest bakery groups—Spillers, French, RHM and Associated British Foods—said they would not raise their discounts significantly above the present limit, however hard they were pressed to do so by the supermarkets.

Leaders of the United Road Transport Union warned that they would recommend their members to boycott supermarkets which were cutting the price by more than 4p in the New Year.

But the militants in the South East have said they will not deliver to shops cutting the price by more than 2p.

Price cuts of 2p off the present maximum price of 20p are common under the present discount arrangements, and are likely to continue to be so after January 4, even if the bakers do not give bigger discounts.

Last night, Salisbury, which is at present selling its own-label bread at 17p as well as branded bread at over 18p a loaf, said it would not raise the price of its own-brand loaves.

Bread down by 4p promise denied, Page 12

Rabin to seek early general election

BY L. ZAGL

JERUSALEM, Dec. 20.

MR. YIPPEAK RABIN, the Israeli Prime Minister, today said he intends to seek an early general election. It is expected that the country will go to the polls in May.

With the incoming U.S. Administration of Mr. Jimmy Carter showing every sign of willingness to respond to growing Arab pressure for a Middle East peace settlement next year, political developments in Israel over the next few months could have a crucial effect on events in the West Bank.

But to-night, it was not clear what Mr. Rabin's next move would be.

By expelling the National Religious Party from his coalition Government over the weekend, Mr. Rabin has left himself with only 57 Parliamentary seats in the 120-seat Knesset.

To-morrow, he faces a vote of no confidence in the Knesset tabled by the Right-wing Likud Opposition.

Mr. Rabin can either resign before the debate begins or hope to survive the no-confidence motion and resign later at a date of his own choosing.

Vigorous Should nobody—including Mr. Rabin—succeed in forming a Government with a majority in the House, Mr. Rabin would then be asked to continue in office with a caretaker Government which would be immune from votes of no confidence.

Thus, Mr. Rabin's action in expelling the NRP for abstaining in last week's vote on a religious issue represents a last throw to retain the Premiership.

Mr. Rabin apparently acted as he did in order to catch his opponents, both inside and outside Labour, unprepared.

He may also have decided that the only way to improve his image, till now that of an indecisive leader, was to make a vigorous decision.

In particular, he may have decided that he could no longer vacillate on the question of the establishment of a Jewish settlement by religious fanatics at Kaddum on the West Bank.

The Government does not recognise the settlement but has so far tolerated it in order to avoid clashing with the NRP.

Mr. Rabin appears to have sensed a strong desire throughout Israel for a radical change of leadership, and hopes to provide it himself.

He may also calculate that by postponing a general election—by only a matter of weeks—until they will give themselves more time to prepare for the election, he will be able to resign and present himself as a confident negotiator to the Knesset.

Mr. Rabin's general strategy is fairly clear. After his resignation, the Knesset will be asked to vote on a law calling for early elections (the next elections are not officially due until November next year).

Since almost all parties want an early election, there should be no difficulty in passing such a law and the election would be held 100 days later. In practical terms, this suggests that the chance of success, he may have election would take place in May, already been condemned by the Prime Minister, the President political confusion which has has to appoint someone—not characterised the two-and-a-half necessarily the outgoing Prime years of his leadership.

Pledged The Government is en route pledged to go to the country before making any major strategic withdrawals, such as from the West Bank.

The feeling in Israel to-night was that while the Prime Minister's gamble had some terms, the chance of success, he may have election would take place in May, already been condemned by the Prime Minister, the President political confusion which has has to appoint someone—not characterised the two-and-a-half necessarily the outgoing Prime years of his leadership.

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Intervention in France

BY ROBERT MAUTHNER

FOR ALL INTENTS and purposes, France is already in the thick of an election campaign, though the general election is still some 15 months ahead. And, as usual, both the political and economic issues are being presented to the public in a grossly oversimplified form, in spite of the fact that the political parties to appeal to all the voters, or on many occasions, particularly on the right, would have us believe, are faced with the stark choice between free enterprise and collectivism, between a liberal society in which the Government intervenes as little as possible in the private sector and an all-encompassing state whose tentacles will progressively strangle private enterprise.

No-one, of course, would deny that there are some very fundamental differences between the programme of the left, which foresees the nationalisation of most of France's major companies and that of the present coalition parties which support a capitalist system. What is not fully realised, however, is the increasing extent to which the present Government, theoretically the proponent of an advanced liberal society, is already interfering in the private sector.

Imposed

Though dirigisme has always been an important force in French economic life, the Government has never intervened as often or as directly in industry as during the 30-month period since President Giscard d'Estaing's election.

In many cases, no doubt, the economic crisis forced it to take action to prevent major French companies from going out of existence and to keep rapidly rising unemployment within manageable proportions. But Government intervention has only in rare instances been confined to financial aid only. On most occasions, it has taken the opportunity of imposing a solution which, though tailored to France's overall industrial strategy, did not always meet with the approval of the private interests involved.

The examples are legion. When the authorities were called into find a solution to the serious financial difficulties of the Citroën motor-car company, a reluctant Peugeot was persuaded to take over its rival in return for substantial Government loans. At the same time, however, Citroën's lorry subsidiary, Berliet, was hived off to form a joint company with Renault's truck subsidiary,

against the original wishes of both M. François Michelin, who controlled Citroën, and the Peugeot chairman, M. François Caillaud. The aim of strengthening the French lorry industry, which has been doing noticeably less well than the motor-car sector, was no doubt perfectly acceptable from the point of view of national interest. But the fact remains that it was a state imposed solution.

In the computer field, it was the Government which obliged the all-French CII company to link up with Honeywell-Bull, thus allowing the French to take advantage of advanced American technology while maintaining financial control, in spite of the opposition of many in the industry, even in the civil service who favoured a European solution within the Unidata Group.

The Government has also played a leading role in the restructuring of the nuclear industry with the State Atomic Energy Commission taking a substantial stake in the capital of the Creusot-Loire nuclear subsidiary, Framatome, and in the reorganisation of the telephone industry, it virtually obliged ITT and the Swedish Ericsson company to sell their subsidiaries in France to the French Thomson Group in return for massive Government orders for their new telephone exchanges.

Shrinking

Indeed, the list of major industrial sectors in which the state is not present in one form or another, or has exercised an overriding influence, is shrinking rapidly. And there is more to come in the near future. The crisis-ridden steel industry, which is already so heavily dependent on Government financial aid that it cannot in all honesty be classified any longer as part of the private sector, is more than ripe for a Government restructuring plan.

While it is true that the authorities still shy away from taking major financial stakes in private companies and that their main aim is to create French industrial groups powerful enough to withstand international competition and to keep France in the vanguard of technological progress, it may well be asked whether the present trend towards more and more Government intervention can be halted in mid-stream.

For the moment, the distinction between President Giscard's liberal interventionism and the left's programme of nationalisation is being maintained, but the dividing line is much thinner than is often claimed.

Fair chance to score treble for trainer-jockey team

BY DOMINIC WIGAN

PROVIDED that conditions have not deteriorated overnight, racing should be possible at both Folkestone and Warwick today. The southern track reports heavy ground on the hurdles course, while at Warwick where it is a Racing Club Concession day programme, the going is extremely testing.

Two men who will be particularly keen for the go-ahead to be given for Folkestone are the Bury St. Edmund's trainer David Morley and his jockey Bob Davies, who six years ago today married Terry Biddlecombe's sister, Susan.

They hold better than fair prospects of a treble through Scott, Near and Far and Hot Hand.

The first from this trio to take the field is the lightly raced Scott, among the runners for the opener, Division One of the Hawkinges Novices' Hurdle (12.45).

Unplaced at Newbury seven weeks ago on his seasonal debut, where he faded right out of contention after only a mile in a Division One hurdle, Scott left that form well behind at Nottingham recently—making short work of

Esprit and Clifford Street. Although the runner-up has since left the form down with a disappointing display at Warwick, where he could only manage eighth place behind Raddaniel in a field of 20, I shall expect to see Near and Far follow up at the chief expense of the likely favourite, Top Priority, who has yet to find his best form this season.

Rot Hand, Morley's third and last runner here, will not find matters all his own way in the Second Division of the Hawkinges Novices' Hurdle, for Geovance and Wilkin Spirit are among his 16 opponents. Nevertheless he has shown enough on his two previous efforts over the minor obstacles to suggest that this event could well be within his compass.

The reigning champion hurdler, Night Nurse, who was deprived of a run at Ascot on Saturday, will be out over the Christmas holiday. The North's champion hurdler, either the William Fox Christmas Hurdle on Boxing Day at Kempton or Windsor's New Year's Day Hurdle.

If Night Nurse goes to Kempton, he will again meet Birds Preserved, who proved too good for him in the fighting fifth hurdle at Newcastle towards the end of last month.

Blasphemy case to be heard at Old Bailey

MRS. MARY Whitehouse yesterday took a legal shot-out in her prosecution of the homosexual newspaper Gay News for alleged blasphemy.

At a private hearing in the High Court, Mrs. Whitehouse was given leave to take the case straight to the Old Bailey—bypassing the normal committal proceedings for magistrates. Gay News was not present at the hearing and, in a statement issued later, said it had not been entitled to attend.

Mrs. Whitehouse's solicitors stated that Mr. Justice Bristow, at a private hearing, had "directed that a voluntary bill of indictment be preferred against Gay News and Denis Lemon—its editor—at the Central Criminal Court."

Gay News said Mrs. Whitehouse had dropped her claim against the newspaper's distributors, Moore-Harries. "We are astonished at the method she is now using to prosecute Gay News and Denis Lemon," Gay News added.

On December 9, Mr. Justice Bristow, at a private hearing, gave Mrs. Whitehouse, chairman of the National Parents' and Viewers' Association, leave to bring a prosecution over a poem published in the magazine earlier this year.

The poem was written by the poet and man of letters Professor John Betjeman, who had not included Professor Kirkup as a defendant in her prosecution. Mrs. Whitehouse said: "My position on censorship has always been that what a person writes is his own business. One's own conscience at the point of publication."

She understood that the case was unlikely to come for trial before next summer.

It is likely to be alleged that such as Elm may have been transferred out of Britain illicitly for the purchase of land or apartments at several popular Spanish holiday centres.

This would involve large-scale evasions of the dollar premium regulations. Details of the men summoned have not been disclosed.

OBITUARY

G. D. A. KLIJNSTRA

MR. GERRIT KLIJNSTRA, chairman of Unilever, the Dutch arm of the Anglo-Dutch multinational and a director of ICI, has died at the age of 64.

Before his retirement in 1974, he had served on the Board of Unilever for 20 years, the last four as chairman of the Dutch board and a member of the three-man team which guides the company.

After attending Delft College of Technology he joined Unilever in 1939 as a Chemical Engineer. In 1946 he was given the job of rebuilding Unilever's factories in the Netherlands East Indies and four years later was made technical director in Germany.

In 1954 he arrived in the London head office to join the small group responsible for the whole of Unilever's non-European businesses and a year later was elected to the Boards of Unilever Ltd. and Unilever N.V.

His contribution to the Netherlands was recognised when he was created an Officer and subsequently Commander in the Order of Orange Nassau and made a Knight of the Netherlands Lion. He was also an honorary Knight of the British Empire.

FILM AND VIDEO

BY JOHN CHITLOCK

Short, but vital

EVER SINCE television started to dominate the leisure life of the public at large, the future of the cinema industry has become a major topic for controversy, discontent and, inevitably, perhaps, in a shrinking industry in which investment can be suicidal yet rewarding arguments. This is a Brando might currently testify, but one of the most emotive subjects for the cinema business continues to be the short film—traditionally the visual work paper used as a background for the maker's ideas, rather than the ice cream vendor's, but providing for the industry a creative proving ground through which new talent may have its only chance of exposure.

The short film is again rousing comment in the industry, encouraged by the recent celebration of the 10th anniversary of the National Film Festival. This government-backed body selects short films to represent Britain at overseas film festivals—an important cultural, diplomatic and trade function. Inevitably the panel has been concerned about the poor deal that the short film suffers in Britain, and is hopeful that this matter will receive attention when the new British Film Authority is established.

A view has been expressed in the weekly trade paper, *Screen International*, that sponsored films are killing the film industry. This extremist and happily untypical view stems from the success that many such films are having in cinema releases, especially recently now that the double feature bill has made way for the longer single feature—creating more demand for short films.

For the film-makers, and the talents trying to burst into feature films, this is an unrivalled opportunity—the sponsor is taking the financial risks, the film-makers are provided with a stable source of employment, and the creative people reach a large audience on the big screen. Some of the films are bland, even dull, but a significant number are exceptionally good viewing—such as the Rugby Football Union's film *After the Arrow*, had a West End release with The Rank Organisation and a general release with Gaiety. BFI's film for the Tractor Owners' Association played with *The Ship*, as did the City of London film *Capital City* in some areas.

Such discontent as there is, springs from the plight of the independent short film-maker, concerned either with fictional subjects or important social or cultural themes. Unless this enthusiastic (there is no other word to describe these latter-day artists in garrets) receives a British Film Institute or Arts Council grant, his speculative efforts must be financed by his own pocket, or, if lucky, will barely cover the cost of the prints. In consequence, few independently produced short films leak into cinema release.

An example of the excellence occasionally denied the cinema public can be seen on BBC television over Christmas—Graham Baker's *Learning to Fly*, an evocative short about Norfolk village during World War One. But the hard truth is that television is making this kind of film quite frequently now, and the cinema-going public is largely indifferent about short films—it's the main feature that has encouraged them to desert their fridges. In consequence, it is a buyer's market and sponsorship seems the only way of keeping it alive and providing better production budgets than the economics of the situation would otherwise justify.

That is not to say that a revenue received for a short film is a fair reflection of its contribution to the cinema to the film industry, sponsorship programme. The booking fee for a 35 mm. short may be a mere £2 to £3 per cinema per week, less than the hire charge of a 16 mm. short that the family may book to screen at home over Christmas. British shorts will capitalise

Exposure

The revenue from such distribution of sponsored films goes back to the investor, which seems reasonable. Yet since the plight of the short film industry is so great—it is the most under-subsidised major art form in Britain—sponsors would probably yield to pressure to plough this revenue back into independent short film production. For sponsors, exposure is more important than revenue, and I suspect that they would accede to the argument that they can't have it both ways.

A few sponsors are now also putting finance into cinema films without any involvement in the content of the film, but as acts of genuine patronage. Producer James Archibald, an ex-Rank production chief, has specialised in this activity—bringing together consortia of industrial sponsors to underwrite fictional and cultural films which may ultimately yield profit for an appropriate charity. His feature film *Some People* has grossed £165,000. The Duke of Edinburgh Award Scheme, and his outstanding documentary for the National Music Council—titled *Music*—would never have been made without patronage of this kind.

Sponsorship and patronage have ensured the development and the health of the British short film, which now enjoys an unrivalled international reputation. Far from being a threat to the film industry, sponsorship is a life raft in a sea of economic troubles. In return, the cinema offers industry a real opportunity to demonstrate its social awareness—a chance to present the acceptable face of capitalism.

TV/Radio

Indicates programme in black and white.

BBC 1
10.20 a.m. The Wombles. 10.25 The Great Grape Ape Show. 10.55 Wild World. 11.05 Flash Gordon. 11.15 The World of the Wombles. 11.25 The World of the Wombles. 11.35 The World of the Wombles. 11.45 The World of the Wombles. 11.55 The World of the Wombles. 12.05 The World of the Wombles. 12.15 The World of the Wombles. 12.25 The World of the Wombles. 12.35 The World of the Wombles. 12.45 The World of the Wombles. 12.55 The World of the Wombles. 1.05 The World of the Wombles. 1.15 The World of the Wombles. 1.25 The World of the Wombles. 1.35 The World of the Wombles. 1.45 The World of the Wombles. 1.55 The World of the Wombles. 2.05 The World of the Wombles. 2.15 The World of the Wombles. 2.25 The World of the Wombles. 2.35 The World of the Wombles. 2.45 The World of the Wombles. 2.55 The World of the Wombles. 3.05 The World of the Wombles. 3.15 The World of the Wombles. 3.25 The World of the Wombles. 3.35 The World of the Wombles. 3.45 The World of the Wombles. 3.55 The World of the 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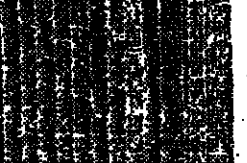


by WILLIAM PACKER

the peculiar vision of Louis Wain, whose work is nothing if not an acquired taste, but one nevertheless which claims many addicts. But there are many other cats on show, from the most unaffected study to the prettiest illustration, with which the afflicted may temper their craving, and in which the rest may take a great deal of pleasure. The season is over until January 9.

The prize for the strangest peg from which to hang a show, however, must go to Zuleika Dobson and aptly, by Miss Diana Dors, to the delight of everyone present. I cannot go into the details of the work, nor tell you how good the show is, for the simple reason that I am myself a contributor to it: but I hope you will all flock to see it. (It is closed during Christmas week.)

Not the strangest, but the best idea of all, occurred to Christian Neffe of J.P. Fine Arts, that lives below Lumley Cazzler in Davies Street. He decided to invite 54 British artists each to take the card that he nominated to them, that is to say one of the four suits and the two jokers, and to submit their version of that card, five inches by seven, to his exhibition. The response was all but complete, the results not only fascinating but great fun.



Hubert Dalwood:
 'Small double tower'

visual comments they make upon the work they do. The Deck of Cards remains on view until the end of January.

Other such shows, of which there are several, must wait until next time.

New extension to Bedford museum

The Cecil Higgins Art Gallery, Bedford, opening its new extension on December 1st. The cost of £233,000 has been met by the North Bedfordshire Borough Council: with substantial assistance from the Trustees.

The extension covers 10,000 square feet. Among the items on display are English and Continental ceramics and glass, English water-colours, jewellery, costumes, furniture and silver. Also on exhibition are some recent acquisitions, including the E. J. Eves collection of Victorian and Edwardian arts, the St. Agnes tazza and a Sisley painting.

There o

by GILLIAN WIDDICOMBE

At Snape on Sunday afternoon, another evocation of that same despite mud, rough winds and driving rain, a large audience and resignation.

The passacaglia's economy is wonderful. Its frame is superficially marked by a ground on the cello, treadling restlessly on E and F sharp, and sinking at the sixth bar to D—the overall tonality. But the ostinato, like the first violin has started a flowing quaver version, anxious, expressive, and perfectly disciplined. Between these two themes the development is tightly sustained, in sleek contrapuntal harmony. Whereas for the second quartet's conclusion, Britten wrote a set of 21 variations as a huge Purcellian chaconne, he no longer had such energy or ambition for the third quartet's frame. Instead, he wrote economically, and with prime inspiration.

It seems that Britten actually turned to Venice to complete the quartet; and the fact makes one wonder whether he originally designed the quartet as a five-movement work with this conclusion. Be that as it may, the four preceding movements are less substantial. The first is a six-minute essay in pastoral mood, in which Britten's moderate thematic or harmonic material which still colour his thinking; in the new quartet, he returned, for his conclusion, to

is, as in the finale, the pressing tension of the interval of a second. Contrasting details are vivid but sparse, such as the brief addition of a chain of harmonics, or frantic demisemiquaver figurations.

The three central movements are short and diverting. First a fast ostinato scherzo, opposing loud ideas with soft ones reminding us of Ravel's *Lisbon* timbre. Then follows a short, static slow movement, conceived as a solo for first violin over quiet, austere accompaniment. (An elusive movement this; neither quite elegiac nor suggestive of a short poem in a language one does not understand.) To pass from one slow movement to the slow finale, Britten fills in with another scherzo, this one a burlesque written in stiff rhythmic style, offset by a tiny trio. An homage to Shostakovich.

Symmetry, clarity, and clever economy can all be found in this last work in plenty. But it also contains those strange imaginative qualities of Britten's last works: the virtuosity is subtle; the invention of great and sad beauty. When the Amadeus Quartet gave the première on Sunday, we felt the loss of the composer deeply. A comfort to know that shortly before Britten died, the Amadeus played this Quartet No. 3 to him, privately.

by RONALD CRICHTON

The great dramatic symphony which Berlioz drew out of Shakespeare's tragedy is still, in the complete, full-length form with solists and chorus, enough rarely to make every performance an event. Expectations run high, and so does anxiety. A poor performance can dampen or retard appreciation of Berlioz in all but the wholly loyal and converted. Unfortunately, since *Roméo et Juliette* is not easy to bring off, expectation is sometimes cheated and anxiety partly justified. Sunday's performance by the London Philharmonic Choir and Orchestra with Barenboim conducting was no exception of this conductor's hot-from-the-oven improvisatorial manner, which suited the rhetorical bursts of Beethovenian instrumentation and recitatives (except when dry but not unimportant details were lost). The choral singing, in clear French, was vivid if not always tidy; the soloists were excellent. Helen Watts and Jules Bastin at either end of the work each imposed a kind of serene authority not always in evidence elsewhere. The tenor Jean Dupouy sang his *scherzetto* forlornly of Queen Mab with a lightness that saved it from appearing egregious in view of the later, fuller and far more remarkable orchestral portrait of the fairy.

Or rather it was an exception only to the extent that the usual successes and failures were more or less reversed—in most performances the big set pieces often heard on their own (Romeo alone and the Capulet's ball, the love music and the Queen Mab scherzo) can be counted on to move more effectively than the various magic than they did last night, while the vocal solos and choral narration, sometimes feebly performed, at others over-emphasised in a brave attempt to prove that they are on the level of the rest, went, on the whole, convincingly.

There was a touch about them

brought on so much a warmth as a hotness, that suggested a view of this Romantic's passion for Shakespeare which overlooked the fact that Berlioz was an equally ardent a classicist. The Capulet's ball was lively enough, but Romeo's soliloquy was tinged with self-pity. In the love music Barenboim made some horrid swerves into quicker tempo (evidently premeditated, since the same thing happened in the anticipation of this music in the Prologue). Queen Mab was deftly played, a fraction too hurriedly for the supernatural uncanny, glistening, frozen mother-of-pearl, tone-colours to cast their full, enchanting,

Cultural centre for New York

Gulf-Western Industries, Inc. are to purchase the New York Cultural Centre, Columbus Circle (formerly the Gallery of Modern Art), and donate it to the city. A primary use of the building will be to house the main office of the Department of Cultural Affairs, and the Mayor's Commission on Cultural Affairs.

who goes to this show (mainly only; enings *Carte-Blanche* is o make sure you take at the right time) e learn more about the of that comes along Eric, Weiss who cape imagination of Harry Houdini, list, will be dis- low is a mild, thin, rumpy mixture of magic, dance, and slapstick. Participation, tips are four in num- . Pompinistance, owner udeville Theatre some- America at the turn ntury, played by Gerald his pretty daughter (Christine McMenam), oudin, the up-and-com- g magician with a tooth- nile (Martin Connor); reless harking back of Professor Manchou Paul Bacon).

et all four members of riet, who are supported chorus line of three stage hands, emerge as attractive artists, other show really would be resume. As it is, thanks st and one or two classic it just about gets by. it is appalling to ask ot which children do at of the children. There might a few wolf-whistles e 11 and 12-year-olds e Miss McKenna af they had been given g more to get their e teeth into than the strated attempt of the performer to get the impresario to give the children The American Barbara and Anthony e have short-changed us

Jennifer Penney and David Wall were seen on Saturday night leading the revels in *The Nutcracker*, and doing so handsomely. Miss Penney is one of those performers who seem naturally blessed for classic dancing, albeit the "seeming" is the fruit of countless hours in class. The ease, the sweet elegance with which she skims through choreography is a special joy, and behind the dancing is a quality of lyrical innocence ideally suited to the child and the dream-ballerina Clara of Nureyev's version. Even the over-loaded dances of the Grand pas de deux seem less fussy when Miss Penney takes her lissom, long-legged way through them; her musicality and that particular Royal Ballet precision in stating the classic academic vocabulary, combine to give the dance a delightful freshness.

David Wall's Drosselmeyer is the soul of charm. Less mysterious than Nureyev—who finds a Hoffmannesque darkness in the role—Mr. Wall is benign, and wonderfully jovial with the children. His dancing is no less

The week-end of January 29/30 will be entirely musical in Studio 1. On Saturday St. George's Cantzono will present a concert of carnival music at 8 p.m. Sunday at 8 p.m. The Albion Dance Band present folk and dance music.


Studio 2 will be open every week-end from January 8 from 2 to 11 p.m. Continuing performances will include Theatre Machine, Fulham Band, Derek Carpenter, The Jaye Consort, Drum Workshop and many more. There will also be three exhibitions — contemporary prints, photographs from the West London Currier posters by Ken Meharaj and Ken Meharaj. A food and coffee bar will be open every day—weekdays 11 a.m. to 6 p.m. and at week-ends from 2 p.m. to 11 p.m. Tickets for events in Studio 1 will be on sale from December 29, Studio 2 on the day.

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EUROPEAN NEWS

Nationalist leader steps down in Malta

By Godfrey Grima

VALLETTA, Dec. 20.

DR. GEORGE BORG OLIVIER, the leader of Malta's opposition Nationalist Party, is to step down and a successor will be named by the party early next year. Dr. Borg Olivier is 65 and was premier at the time of Malta's independence from Britain in 1964.

The decision, which brings to an end his 26-year leadership of the island's second largest political party, was announced over the week-end, following a meeting of the party's 500-strong general council. The party's statement said the council will convene again on January 2 to elect a successor. Although the move will be done in consultation with Dr. Borg Olivier, the successful contender will have to emerge with the highest number of votes from council delegates.

The two front-line runners for the job appear to be Dr. Eddie Fenech Adami, president of the council and party secretary Dr. Guido Demarco. The statement did not reveal how the decision had been reached. It did not specify whether Dr. Borg Olivier had offered in step down, or whether, as is being claimed, the move resulted from an accord reached less than two months ago between Dr. Borg Olivier and party officials who had been demanding his resignation following his failure to unseat Prime Minister Dom Mintoff's Labour Party in a general election in September.

This morning, the party newspaper Our Nation paid glowing tribute to Dr. Borg Olivier's leadership. It is unlikely that his departure will entail fundamental policy changes by the Nationalists.

In a separate development, the Labour Party's annual conference elected two new deputy leaders, both moderates, who beat a number of radicals, including three cabinet ministers, in the ballots.

France puts JET nuclear project 'on its deathbed'

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

BRUSSELS, Dec. 20.

THE EEC's ambitious \$600m. thermonuclear fusion project—the Joint European Torus (JET)—was pronounced "on its deathbed" today by Dr. Guido Brunner, the Commissioner responsible for research policy, as a result of blocking tactics by France which have prevented an agreement being reached on a site.

Dr. Brunner, who put much effort into trying to nudge the Nine into a final decision on the project, told a Press conference that there was now only a one in ten chance that it would go ahead. He had already ordered that plans be made for winding up the research done so far. Seven of the Nine countries had already agreed informally that the project should be built either at Culham in Berkshire, or at Garching in Germany. An eighth, Italy, seemed ready to go along with the majority. But France refused to have the JET sited outside its borders.

France's original choice was its nuclear facility at Cadarache. But after it became clear that there was no support for this proposal among other governments, the French Government suggested that the CERN facility near Geneva be extended across the frontier into France and that JET should be built there. Dr. Brunner had hoped that France's opposition could be overcome at a Council of Research Ministers due to have been held today.

But the meeting was cancelled after the French Minister, M. Michel d'Ornano, objected that it would be premature. The difficulties of reviving the project next year will be considerable. The contracts of the 35-member JET design team at Culham expire at the end of this year. Although they may be extended for another three months, several governments will have to seek new parliamentary authorisation for funds to finance the programme.

Given the scientific importance of the project, which promises to produce abundant new sources of energy at low cost, some European governments may wish to proceed with it jointly, but outside the Community framework. However, there is a risk that many members of the design team will leave Europe in the meantime, possibly for the U.S. development. Dr. Brunner said that about 200 scientists had spent on preparatory work, out of an estimated final cost of about \$600m. If the project were definitely abandoned, he did not expect it to have a major effect on the rest of the EEC's research programme, for which funding has been approved in principle.

David Fishlock writes: The JET project was conceived as Europe's opportunity to put itself back in the big league of nuclear fusion research, alongside the U.S. and USSR. Based on ideas first enunciated in Russia, the apparatus was conceived as a giant electromagnet in the shape of a torus (doughnut) about 20 feet across. This was to act as a "hot" for electrified gas at extremely high pressure and temperature.

Dr. Walter Marshall, deputy chairman of the U.K. Atomic Energy Authority, said that he was extremely disappointed that the Nine had been unable to reach agreement. But he said that he did not rate the chances of reviving the project any higher than did Dr. Brunner. At the last meeting on the JET project between the Nine, agreement had reached the point where Britain and West Germany, although both still eager to host the project, had tacitly agreed that neither would veto a decision to locate JET in the other's country.

EEC-Turkey agreement

BY ROBIN REEVES

BRUSSELS, Dec. 20.

A SERIOUS rift between Turkey and the EEC was avoided here today when the Turkish Government reluctantly accepted a trade, aid and co-operation package of minor improvements in the terms of its agreement with the Community. The concessions slightly improve conditions for Turkish workers in EEC countries and the terms of preferential access for Turkish agricultural exports to the EEC. They were made in response to complaints from Ankara that the preferential trade, aid and co-operation package recently concluded with other Mediterranean countries, and negotiations by Greece for accession to the Community, have devalued the advantages earlier agreement with the EEC.

Strong W. German motor demand

BY ADRIAN DICKS

BONN, Dec. 20.

THE WEST German motor industry can expect a further year of growth in 1977, although not at the same rapid rate as in 1976, according to a study by the Munich-based IFO Institute. The study estimates that there is still a domestic demand backlog for some 400,000 cars which were not ordered or built because of the 1974-75 recession. Although not all of this "new registrations deficit" will be made up, the institute believes it should keep demand strong enough to give at least a 5 per cent. increase in production and new domestic registrations next year.

The report also expects a powerful stimulus to car sales to result from the DM20bn. in long-term savings instruments which will theoretically be available for redemption early in the year—twice as much liquidity in the hands of consumers as was provided by the same process at the beginning of 1976.

Foreign penetration of the French car market fell to 23.6 per cent. in October from 28 per cent. in September, but was up on the 19.2 per cent. of October 1975.

President of Cortes attacked by mob

By Roger Matthews

MADRID, Dec. 20.

RIGHT-WING extremists tried to attack one of Spain's leading conservative politicians today as their anger mounted at the liberalising policies of King Juan Carlos and his Government. Sr. Torcuato Fernandez Miranda, president of the Cortes and of the Council of the Realm, had to be rescued by police armed with sub-machine guns when he was forced away from his car by an angry crowd after leaving a memorial service for Prime Minister Carrero Blanco, who was assassinated three years ago.

Seams of "traitor" greeted Sr. Fernandez as he left the church in central Madrid. Hounded in by a shouting crowd giving the fascist salute, he was pushed across the street towards the US embassy, and it seemed that he might have to seek refuge there.

To-day's incidents emphasised the relatively small number of people the extreme Right is able to muster, and the tolerance it is still given by the police. It was several minutes before Sr. Fernandez received uniformed help, in spite of widespread predictions beforehand that there was likely to be trouble.

The Government is being accused of adopting a soft line towards the kidnappers who are still holding Sr. Antonio Oriol, president of the Council of State. There has been no word from the kidnappers, said to be members of a group called Grapo, for nearly 48 hours, following their last message which said Sr. Oriol was still alive. Official sources believe that the kidnappers are prepared to hold their hostage until the Government makes a positive move towards introducing a general amnesty for the 200 or so political prisoners remaining in gaol.

Meanwhile, Prime Minister Adolfo Suarez has undertaken the trip to Barcelona that is postponed last week and is due to talk with Catalan leaders on regional problems and demands for autonomy. It is understood that, as a result of the overwhelming support that the Government received last week in its referendum on constitutional reform, the Prime Minister may be prepared to introduce a series of major economic measures, a move that, until recently, it was widely held, could only be made by an elected Parliament.

Iceland cod 'over-fished'

BY ROBERT MAUTHNER

PARIS, Dec. 20.

ICELAND'S valuable cod stock is still threatened by over-fishing, in spite of the extension of the country's fishing limits to 200 miles in October, 1975, according to the OECD's latest report on the Icelandic economic situation. Stressing that the 330,000 tonnes total Icelandic and foreign catch anticipated for 1976 would be 18 per cent. above the level recommended by an international panel of marine biologists, the OECD secretariat said that more direct conservation measures were required. These would probably hurt the country's balance of payments for the next two or three years.

but were necessary for the optimal exploitation of the cod stocks in the long term. On the whole, however, Iceland's economy has been doing better lately than for several years. It is one of the few OECD countries where unemployment has not risen during the present recession, and its rate of inflation this year is expected to be cut to about 30 per cent. from its astronomical 1975 level of 50 per cent. In 1977, it could drop to 20 per cent. or less.

On the trade and payments front, too, things are beginning to look up. The current payments deficit will probably be cut by half to \$55m.

Call for release of Soviet writer

BY OUR OWN CORRESPONDENT

PARIS, Dec. 20.

MORE THAN 150 writers from 14 countries, among them Nobel prize-winners Saul Bellow and Heinrich Böll, have appealed to the Soviet Writers' Union to try to obtain the release of author Eduard Kuznetsov, serving a 15-year hard labour term in a Soviet prison camp.

Kuznetsov, best known in the West for his Prison Diaries, was one of two Soviet Jews sentenced to death for treason in December, 1970, for their role in the planned hijacking of a Soviet airliner to the West. The sentences were later commuted to 15 years' imprisonment. Kuznetsov had earlier served a seven-year prison term for anti-Soviet activities.

Meanwhile, Soviet dissident Vladimir Bukovsky waited in Zurich for medical opinion on the health of his 12-year-old nephew, who has suspected in the Soviet Union of being a spy before deciding his next step after his surprise release by Soviet authorities on Saturday.

Mr. Bukovsky has said he will probably take up his biology studies again in the Netherlands, but he wants to stay in Switzerland for the time being to be near his nephew. He will decide on his immediate plans in the next two or three days, according to an Amnesty International official.

In the USSR, Chilean Communist leader Luis Corvalán, freed by the Chilean Government in return for the release of Mr. Bukovsky, remained today at a villa near Moscow. It was thought that the expected triumphal entry into Moscow might have been postponed because of heavy snow, followed by a thaw during the morning, which created unfavourable conditions for thousands of Muscovites to turn out on the streets. Sr. Corvalán is expected to settle either in the Soviet Union, or possibly in Finland, to an Amnesty International official.

Reuter

UNREST IN EAST GERMANY

Genies of dissent f by Helsinki agree

BY LESLIE COLTIT IN EAST BERLIN

TWO SPECTRES are haunting the Communist leaders of East Germany these days: the desire expressed by ever more East Germans to emigrate to West Germany and the growing ferment among writers and ordinary East Germans who want to reform the prevailing rigid brand of Socialism and are taking their cue from Western European Communists, especially the Italians.

Both currents have always lurked just below the surface of East German life. They erupted with special force during the mass flight to the West that led to the building of the Berlin Wall in August 1961, and in 1988 when reform swept neighbouring Czechoslovakia, leading many East Germans to express their sympathies for "Socialism with a human face."

In the German Democratic Republic 17m. orderly citizens enjoy the highest standard of living in the Communist world. By all logic, their rulers should feel more secure than ever, with the entire world and its borders guaranteed by East-West treaties and the Helsinki Declaration. Yet ironically it was the Conference on European Security and Co-operation, held in Helsinki last year, that let the genies out of the bottle.

The final Helsinki document was published in full on August 2, 1975. In East Germany's Communist Party newspapers which were in unusual demand on that day, East Germans for the first time were able to read that travel was to be made easier and that families divided between countries could be rejoined.

The signatory states, they learned, had agreed to ease entry into their countries and exit from them, as well as to improve individual and group tourism. East Germans were soon able to cite chapter and verse to their Communist Party and trade union officials and began to stand up in meetings to ask when they would be able to make their first trip to West Germany as tourists.

Simultaneously, a larger number of applications began coming in from East Germans who said they wished to be "discharged" from their citizenship and to "re-settle" in West Germany. Some wanted to join relatives of varying degrees of closeness while others wrote they were applying in compliance with "paragraph two of the UN Declaration of Human Rights" setting down freedom to leave one's country as a basic right.

In the 17 months since Helsinki the number of applications to leave has steadily risen to well over 400,000. Informing the authorities that one wishes to depart means almost certain demotion at work.

Numerous applicants, including a group of 79 citizens in the town of Riesa, Saxony, who jointly petitioned the Government to leave, have been visited by state security officials who urged them to withdraw their names. Some have been arrested for making the petition known to the Western media and may face trial.

The authorities have all but halted the processing of exit applications, fearing the snowball effect when East Germans learn that a family in their midst has been allowed to leave.

Over the political persecution is seldom the reason for an East German to apply to leave, nor is genuine economic deprivation.

Most of the applicants earn more than the average and have not previously had open political differences with the authorities. Withdrawal from the Communist ranks leaves in ever greater numbers East Germans who think that the first time since the wall went up there is a real chance of success. They believe the Government is obliged to live up to the humanitarian portions of the treaties and agreements it has entered into with the West, and are out to test its sincerity.

The indications are that guidelines will be issued specifying exactly who is eligible to leave, and that the authorities will reject exit applications from the great majority of those who do not have first degree relatives in the West. At the same time, the East German Government could as "claim" announce that it is lowering the age limit above which East Germans are permitted to visit decided with

"East Germans are applying to greater numbers because they the first time since the wall we a real chance of succ

West Germany. At the moment best known men of 65 and women of 60 or above may go.

This will add a potential 1.5m. persons of working age to the retired persons who are now permitted to travel to the West for a total of 30 days annually. The government, though, is unlikely to allow all of them to visit West Germany since professional people, especially doctors and dentists, have been among those who most frequently escape to the West.

Husbands and wives will almost certainly not be able to travel together and those who are deemed to be privy to state secrets will also have to stay home. Although both East and West Germany would hotly deny the suggestion, the lowering of the travel age limit is linked with East Germany's keen interest in obtaining a doubling of the current DM2.2bn. West German government guaranty of private West German credits to East Germany.

Details are unlikely to be announced until the East German leadership has decided how to deal with the upsurge among East German writers and artists caused by the expulsion from the country last month of Herr Wolf Biermann, the dissident political poet and folksinger.

Not even during the East German uprising of 1953 have so many leading East Germans protested against a government decision. Thirteen East German authors, among them the country's foremost writers, such as Stephan Hermlin, Stefan Heym, Christa Wolf, Volker Braun and Guenter Kunert, signed a letter calling on the leadership to rescind its decision stripping Biermann of his citizenship and his among refusing to allow him to return to East Germany during his first tour of West Germany in 11 years.

The writers were quickly joined by dozens of other authors, artists and writers who supported the protest letter.

The party leadership back attack the authors for making their statement "available" to the Western media. Simultaneously the authorities put pressure on those signatories off from his or

Libya, Italy sign acc

BY OUR OWN CORRESPONDENT

VAL

A BID for major Libyan development projects to be handled by Italian firms is in the offing following a visit to Tripoli by the Italian Foreign Trade Minister, Sig. Rinaldo Ossola, over the week-end at the end of which it was agreed to create a high-level joint committee which would promote greater economic co-operation between both countries.

The Minister's visit arose after Libyan officials expressed willingness to step up economic ties existence.

Libya, Italy sign acc

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Central banks review sterling balances

By Our Own Correspondent

PARIS, Dec. 20.

CENTRAL bankers from the major industrialised countries met here today under the auspices of the Basle-based Bank for International Settlements (BIS), to discuss detailed proposals for dealing with the U.K.'s sterling balances.

It is understood that the British Government put strong pressure on the bankers to come up with a solution as quickly as possible, and would like to see a final agreement reached at the next regular meeting of the BIS governors on January 10. The progress made at the meeting of central bankers in Basle a week ago on this subject is not, however, considered to have been as great by some European officials as Mr. Denis Healey, the Chancellor of the Exchequer, has claimed.

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45 August

November

AMERICAN NEWS

Carter chooses Georgian as Attorney-General

By JUREK MARTIN, U.S. EDITOR

JIMMY Carter, the U.S. President-elect, today picked a more member of his inner circle as Attorney-General. The choice is a Georgian, from the road from Plains. He is a law partner of Charles Kiro, Mr. Carter's closest confidante. Of the 12 appointments Mr. Carter has made so far, four come from his home state of Georgia.

Mr. Carter's campaign promise had been made very much with the example of John Mitchell, President Nixon's Attorney-General, in mind. But this morning, he tried to defuse criticism by comparing his choice with that of President Kennedy, who picked that at least he had not chosen his own brother, Bill, the Plains peanut farmer and garage owner.

More generally, however, he rested his defence on the position that he had been advised by numerous people that Judge Bell was the best person and that his prime criterion in making appointments was to choose "the best."

Judge Bell, who is 58, is no stranger to politics, having served as John Kennedy's campaign manager in Georgia in 1960. As a former member of the Fifth U.S. Circuit Court of Appeals for 15 years until last spring, his record was generally reckoned moderate on most key social and civil rights issues: he ruled in favour of the integration of schools and against political discrimination, but he concluded was discriminatory and was active in court procedural reform.

The two apparent black spots on his record are that in 1966 he upheld the decision of the Georgia state legislature to deny a seat to Mr. Julian Bond, the black politician (the Supreme Court overruled his verdict). He was also a staunch supporter of the Supreme Court nomination of G. Harrold Carswell by President Nixon, which the Senate subsequently rejected. To-day Judge Bell implied that if he knew then what he knew now about Judge Carswell, he might not have been such a vigorous advocate.

But these instances have been enough to prompt sharp adverse reaction to his selection from black groups, who have been doubly disconcerted that neither Congressman Barbara Jordan from Texas nor Mrs. Patricia Roberts Harris, the former ambassador to Luxembourg, has become Attorney-General.

Mr. Carter repeated today that he was applying his basic criteria to all prospective appointees regardless of sex or colour. He again noted that blacks and women were "disadvantaged," but he said that it would be unfair to say he was excluding them from his government until all the names had been made public (it is known, for example, that several prominent blacks and at least one woman, Mrs. Jane Cahill Pfeiffer, had withdrawn themselves from consideration).

He also said that he had instructed all his cabinet members to ensure that blacks and women were fully represented at under-secretary and other sub-cabinet levels.

Mrs. Krepes, second choice for Commerce after Mrs. Pfeiffer, is a professor of economics at Duke University in North Carolina. She currently serves on the board of five major companies, plus the New York Stock Exchange, and is an expert on manpower policies and the economics of the aged.

Congressman Bergland from Minnesota is a protégé of Senator Hubert Humphrey and Vice President-Elect Walter Mondale. As Mr. Carter promised, the new Agriculture Secretary is a practicing farmer, with a 600-acre wheat and lawn-seed spread just south of the Canadian border.

He has a reputation of being the champion of the small farmer and may thus be seen as the antithesis of Mr. Earl Butz, until recently the Ford Administration's Agriculture Secretary, who was closely identified, and had been employed by, the big agribusiness firms.

His favours higher support prices for farmers and the establishment of large grain reserves. Minnesota also happens to be a major sugar beet state and this year Mr. Bergland introduced a bill into Congress which would impose additional tariffs on sugar imports entering the country at prices lower than American production costs.

Blumenthal opposes use of 'the big stick'

Our Own Correspondent

WASHINGTON, Dec. 20. MICHAEL Blumenthal, Mr. Carter's new Treasury Secretary, has dropped a few hints about the direction of American economic policy. He will, at the least, not disavow the rest of the industrialised world.

Mr. Blumenthal enjoyed the reputation of being a tough talker during the Kennedy and trade negotiations of the 60s and is sometimes said to be close to a doctrinaire free trader.

But in an interview with the magazine, published today, he said: "I do not believe the U.S. is well served if we go around the world waving a big stick. I think we need to protect our interests, but we need to do it calmly, wisely and in a spirit of co-operation."

He commented unfavourably on the aggressive attitudes often by Mr. John Connally when he was Treasury Secretary under President Nixon. Some time, Mr. Blumenthal said, "there has been a feeling in Europe that it's difficult to do business with the U.S. because of the way we handle the trade negotiations. Geneva, which were started years ago, are stalled."

Mr. Carter, of course, has promised to include the Treasury Secretary more fully in the formulation of economic policy and Mr. Blumenthal is said to be tough enough to use the opportunity.

NYC told Congress may oppose extra federal aid

By JAY PALMER

NEW YORK, Dec. 20.

NEW YORK City financial officials were this morning bluntly told that even if President Jimmy Carter decides to ease Federal Government aid to the city, Congress would not usually go along with such a move without a fight.

In testimony before the Senate Committee on the New York City situation, Senator James Buckley, the committee chairman, stressed that Congress "would not be likely to approve" any application for federal aid.

Mr. Buckley, who earlier testified before the Treasury Committee, said that while the federal Government aid in the form of welfare grants "was a possibility," it was unlikely that the federal Government would be able to do it.

He said that the city's progress towards financial strength, when the city is once again facing immediate short-term financing problems, "is a crisis. The crisis is this time centres on its need to find \$1bn. within the immediate future to comply with the recent court order that it pay off city debt held by private investors."

These Senate hearings will end tomorrow, following scheduled testimony from New York City Mayor Abraham Beame and New York State Governor Hugh Carey. The Mayor is today expected to unveil "a series of strategies" for the city's progress towards financial strength.

The hearings come at a time when the city is once again facing immediate short-term financing problems. "The crisis is this time centres on its need to find \$1bn. within the immediate future to comply with the recent court order that it pay off city debt held by private investors."

Heavy pressures to bribe

By STEWART FLEMING

NEW YORK, Dec. 20.

CORPORATIONS come under heavy pressure in many parts of the world to pay bribes to local officials, according to a report by International Business, a consultancy firm, as a result of investigations into corporate bribery in the U.S.

Among other things, the report claims that some companies have been able to buy their way off the Arab boycott with payments of up to \$100,000, provided their contacts in Israel are not too visible.

The Business International report is based on interviews with senior executives of 50 U.S. multinationals. It prepared specifically to try to influence the ongoing debate in the U.S. on how to tackle corporate bribery and in particular to influence thinking on the U.S. legislation that is proposed on the subject or by international agencies establishing a code of conduct on the subject.

The Business International report comes to a similar conclusion about the widespread use of corporate bribery as a study by the non-profit Council on Economic Priorities.

This study by a political scientist, Mr. Gordon Adams, is based on analysis of the information given to the U.S. Securities and Exchange Commission under its voluntary disclosure programme which has involved more than 175 U.S. companies disclosing questionable payments in excess of \$300m. since 1970.

The Business International study suggests that in areas of Latin America bribery of customs officials is so common that companies have set up special funds to meet the payments which are disguised by overbills or false billings to service agencies and consultants.

It suggests that nothing very much happens in Indonesia, for example, without corporate bribery payments and that in some Middle Eastern countries the payments systems had become institutionalised to the extent that companies are required to hire local "agents" who perform no services but are given fees.

Kuwait and Saudi Arabia are mentioned. According to the report, China is the only developing country where payments are unknown.

Brazil is split over oil policy

By David White

RIO DE JANEIRO, Dec. 20.

THE BRAZILIAN Government appears to be split over a plan to ration petrol following last week's decision by OPEC to raise oil prices. The January increases are expected to add an annual \$300m. at current consumption rates, to Brazil's oil bill.

Brazil will have paid almost \$4bn. by the end of the year for oil imports, compared with \$3bn. last year. Consumption up to the end of October rose at an annual rate of 9.7 per cent, despite the apparent success of the Government's policy of setting high petrol prices for motorists.

Consumption of car fuel has remained virtually static with a sharp drop in the use of high-grade petrol, which retails for 120 cents a litre.

This has been offset, however, by an 18 per cent rise in diesel oil consumption. Petrol and diesel oil account for more than half Brazil's oil needs.

A further problem on the oil front is a delay in equipment supplies for a new offshore field north of Rio de Janeiro. This field was due to start producing next year at a rate of 45,000 barrels a day, but the start-up is now not expected to take place until 1978.

Brazilian oil production up to October dropped by 2.5 per cent to 167,000 barrels a day, compared with 171,500 a year earlier. The drop is accounted for by the drying up of onshore wells, which are gradually being replaced by offshore finds.

ARGENTINA'S ECONOMY

Relative severity

By ROBERT LINDLEY IN BUENOS AIRES

THE ARGENTINE Economy Minister Dr. Jose Alfredo Martinez de Hoz has promised a "more flexible" wage policy as from January 1, but that alone hardly justified the forecast in a Buenos Aires newspaper that there will be a general wage increase of at least 33 per cent.

Such an increase, so some calculate, would more or less restore to wage earners the buying power they had in June. That was three months after the coup d'état, brought on, as much as by anything else, by the failure of the string of six Economy Ministers of the Peronist Government. In the not quite three years of that Government, they managed to do little other than foment speculation, smuggling, corruption, and organised sabotage.

Dr. Martinez de Hoz did once promise an overall wage increase on January 1, but without revealing what exactly it will amount to, he said that it definitely will be linked to greater productivity. "The economic team wants to relate increased wages to increased productivity," he said. The indications are that businesses will be allowed to increase wages to their staff, always provided that those increases are not reflected in prices.

The Government's policy of free prices and frozen wages is surprisingly circumscribed by many businesses which pay above the officially permitted maxima in the heavy industries. They say that they are doing in their own way food baskets already required by Dr. Martinez de Hoz in 10.2 hours of work from the state fact has asked them to do:

Price rises continue for virtually all consumer items, and as a result in more and more factories, staff are working with an increasing lack of co-operation.

If the wage earner's situation is to improve appreciably in 1977, it will be Argentina's own efforts which primarily will make

trade surplus this year of between \$700m-800m. the central bank may be able to ease up on import restrictions. Inflation may be down to about 100 per cent this year, compared with nearly 350 per cent in 1975.

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it possible, and not the foreign loans which continue to pour in considerable amounts. In the first week of December alone, 15 French banks, headed by Credit Lyonnais, came through with \$30m. and eight Dutch banks, headed by Algemeene Bank Nederland, and Swedish, Norwegian, and Finnish banks came through with \$20m. and more than \$10m. respectively.

Although the economy is in serious difficulty because of the continuing fall of the real wage and of huge public expenditures, in one month the new economic team has achieved quite a lot. The current wheat crop, which promises to be the biggest ever, may become something of a nightmare for Dr. Martinez de Hoz because of the fall in the so. Economic hardships would come to an end next year—or at least they will not be so severe as they have been up to now."

The jet-powered compressor coup. How Cooper Industries used an engineering breakthrough to outsmart some heavy-spending competitors.

In the early Fifties, several manufacturers of compressors, including Cooper Industries, all had the same good idea: a pipeline compressor that was driven by a turbine instead of a piston engine. The higher the pressure and horsepower requirements got, the more economical the turbine concept became. It would cost less, install faster, and need less maintenance.

Now the only problem was how to do it. Two of our competitors, each one much larger than Cooper Industries, began developing a turbine for pipeline use. They were investing tens of millions on research and development to overcome the technical hurdles.

There was no way Cooper Industries could invest that kind of money. It looked as though we were going to let this particular wave of the future pass us by.

Why re-invent the wheel? Then our engineers had a brainstorm. Why even try to develop a turbine? Instead, we could buy turbines that were already being mass-produced — jet aircraft engines — and use them to drive our compressors. An ingeniously simple idea. Of course, there was a catch.

Pipelines don't fly Jet engines of a 707, for example, had to be completely overhauled after a few thousand hours of operation. On the other hand, the kind of turbine needed for a pipeline would have to run for years, literally without stopping.

How did our engineers plan to get around this flaw? Simple. Pipelines don't fly. Almost all of the wear and tear on an aircraft engine happens during takeoff when the engine is at full throttle. Our pipeline jets would never have to work that hard. They would

turn the compressor at a "cruising speed" year in and year out.

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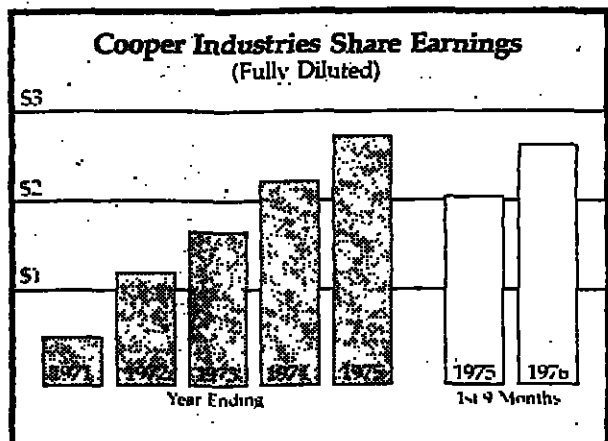
This story is continued in our annual report

Putting confidence in engineering is one of the things that the management of Cooper Industries has done right. As you can see from the chart, there have been others. Find out more from our latest annual report.

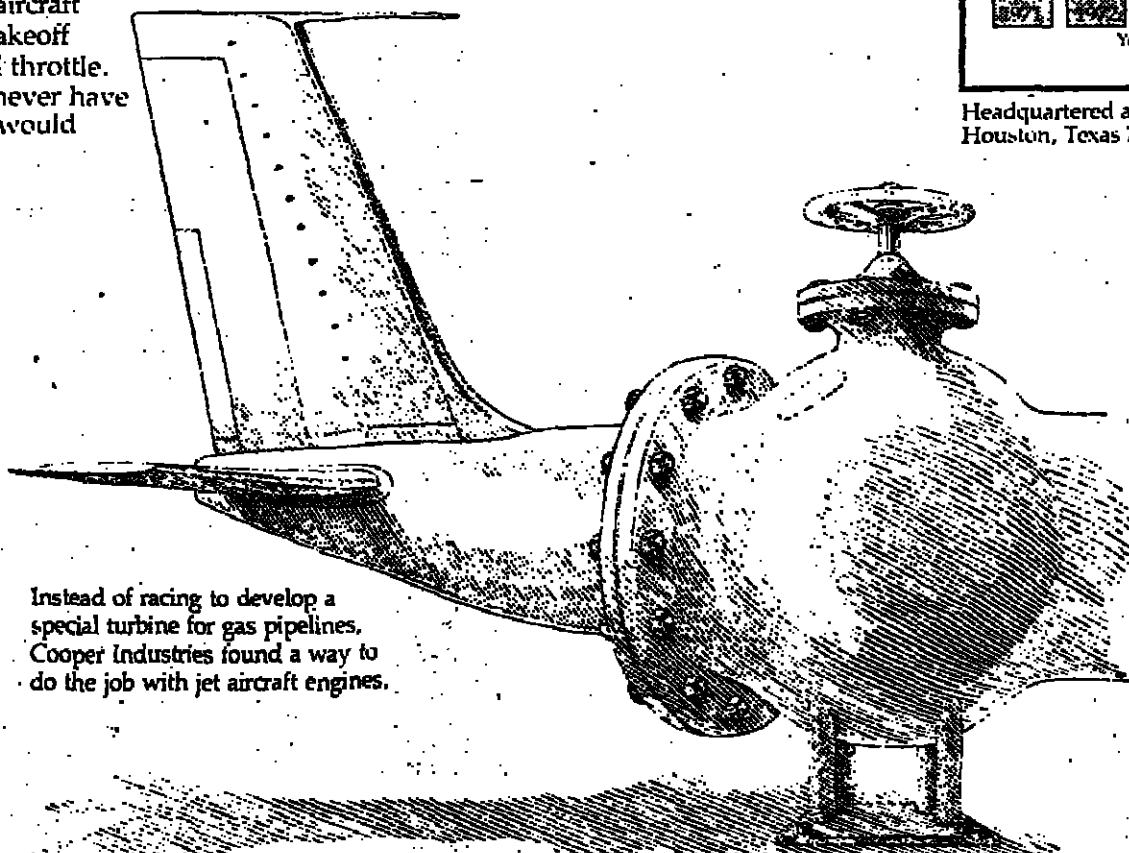
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OVERSEAS NEWS

Egyptian discussions with creditors are postponed

BY MICHAEL TINGAY

CAIRO, Dec. 20.

CRUCIAL TALKS between Egypt and its main creditors, originally scheduled to be held next January in Paris, will be postponed for at least two months, it is reliably reported here.

The talks under the chairmanship of the International Bank of Reconstruction and Development, have been considered in economic circles as one of the most critical developments in the long history of Egypt's foreign indebtedness. Egypt is due to confront not only the IBRD and the International Monetary Fund, but also those Western states to which it owes money, and representatives of a number of commercial banks.

The country's foreign debts probably total around \$10-12bn, a sum which makes the burden of repayment almost intolerable to the economy, despite some success in turning short-term debt into medium-term.

Egypt's untenable position on debts is coming to a head both politically and financially. Earlier this year, during a visit to Saudi Arabia, President Sadat suggested a massive fund of between \$7bn and \$11bn, to transfer the management of all foreign debts to an independent body. This led to the formation of GODE, the Gulf Organisation for the Development of Egypt (formerly known as GFED).

GODE, however, turned out to be a pale shadow of the original Egyptian conception, being capitalised eventually at \$2bn. to be spent over five years. Although permitted to fund development projects, its statutes permitted loans for balance of payments support. In July, Egypt applied for just such a loan of \$250m.

Dr. Abu Imaim, the recently dismissed Minister of Finance, earlier indicated that both this loan and a much publicised loan for the same amount brokered by the Chase Manhattan Bank were completed in all but formalities. It is now learned that both loans, which are linked because GODE is to act as guarantor for the commercial loan, have still not gone through because of a negotiating hitch.

Compounding Egypt's difficulties, countries like Saudi Arabia and the U.S. have been bringing intense pressure on the Government to put its economic house in order before further financial help is extended.

Postponement of the Paris talks, which remain crucial for Egypt's financial future, is expected with international pressure on Egypt both to come to an agreement with the IMF on foreign debts to an independent body. This led to the formation of GODE, the Gulf Organisation for the Development of Egypt (formerly known as GFED).

With the exception of party at the beginning of the congress

'Bombshell' promise in Assad and Sadat talks

CAIRO, Dec. 20.

EGYPTIAN Vice-President Hosni Mubarak said today that summit talks here between the Presidents of Egypt and Syria would result in a "bombshell" with wide repercussions.

He was talking as President Anwar Sadat of Egypt and his Syrian counterpart Hafiz Assad continued private talks on ways of bringing peace to the Middle East.

Mr. Mubarak added that the talks had been very fruitful and in the interest of the entire Arab nation, but he refused to elaborate further.

Egyptian Foreign Minister Ismail Fahmy said earlier that the two leaders were fusing their military and political strategy. They are expected to outline the results of the summit at a Press conference here to-morrow.

Husan Hijazi writes from Beirut. President Sarkis was quoted here to-day as declaring that he was still giving security matters top priority, and pointed out that stability cannot be strengthened unless weapons have been collected from various factions.

Last night, Syrian troops of the Arab League peace-keeping force seized the offices and premises of the leading daily *Al Nahar* and its French-language sister *L'Orient-Le Jour*, and occupied the press of *Al Nida*, the daily organ of the Soviet-oriented Lebanese Communist Party.

Token gesture to south Vietnam

BY RICHARD NATIONS

BANGKOK, Dec. 20.

VIETNAM ADJUTANT its first veteran Hoang Van Hoan, who party congress since 1960, with at 71 was ripe for retirement, signs that at least a token gesture has been made to include representatives from the south in the ruling hierarchy though they are unlikely to be given real power.

The new politburo—which has been expanded from 11 to 17—includes three members associated with the Viet Cong but who had firm ties to the north. Chou Huan, who had been placed in charge of the entire Viet effort in the south; Nguyen Van Linh who is the secretary of the Ho Chi Minh City (Saigon) party central committee; and Bo Chi Cong, who headed the 'Peoples' Revolutionary Party' during the war, and more recently was president of the National Liberation Front.

With the exception of party at the beginning of the congress

as sitting together at the dais, leading observers here to suspect the outcome of last Saturday's elections were pre-arranged.

A new inspection committee was appointed by the head of the party political department, Gen. Song Hoa, apparently to purge corrupt cadres whose 'low level of political consciousness and revolutionary awareness' has been 'blemished' by the party.

The closing session of the congress also received a report on production targets for the five-year plan presented by Premier Pham Van Dong in an earlier session.

Pham Van Dong's earlier outline of the 20-year draft plan created plans to speed up the surplus population from Ho Chi Minh City into the new economic zones; a production and export drive to earn foreign exchange and purchase machinery abroad; search for foreign capital and technology; and a heavy stress on rapid industrialisation, though allowing expansion of consumer goods industries.

German precision engineering companies and Japanese ball-bearing manufacturers who wish to relocate their principal plants outside their own countries choose it as their preferred site.

Almost every Singaporean has a roof over his head largely as the result of a housing programme for which the Government has footed half the bill. Economic growth averaged some seven per cent a year over the past four years, after averaging more than thirteen per cent in the previous four boom years, although unemployment has been increasing recently.

Yet, in the 1972 General Election, only 31 per cent of the electorate voted against Lee Kuan Yew's Government. Even the poor calibre of the opposition candidates, most of them making their first appearance on the political stage, was not sufficient to deter them.

For the elections to be held on December 23, Lee Kuan Yew's candidates are being opposed in 53 of the 69 constituencies. And there is a feeling that though there is no noticeable improvement in the calibre of the opposition candidates or their organisation, their share of the vote will not decline. Why is this?

Singapore is a society where people are told what to do. Those who do well are rewarded. But those who ask why are first of all denied the carrots, and then if they persist given the stick.

Though they live under a constitution which even provides for the removal of an erring Head of State, people are being conditioned to believe that the executive can do no wrong. Those who are not susceptible to such reasoning, and say so publicly, are branded as anti-national subversives.

Soon after Singapore's separation from Malaysia in 1965 the campaign to brand as communists all opposition Members of Parliament—communism is proscribed—was stepped up. One by one, most of them found themselves keeping company with their alleged comrades in Changi prison, where some of them have been detained since 1963 and are in fact still.

The campaign drove the then main opposition party, Barisan Sosialis (Socialist Front) to boycott subsequent elections.

China unrest continuing say provincial reports

BY COLINA McDONAGH

NEWS from China's local radio stations in the past few weeks shows that the recent political turmoil in the provinces has been alarming. Accounts of intrigue and sabotage by supporters of the "gang of four" — Chairman Mao's widow and her three colleagues from Shanghai, now under arrest—are beginning to reveal how large a following the "gang" must have had. A "band of provinces" from Peking to the north to Kwangtung in the south and westward to Seichuan and Yunnan, have been affected. The area includes important industrial centres where production has been badly undermined.

Most of the trouble is described in the past issues, but some events belong to the very recent past and the aftermath is certainly continuing. This would be less important if the army, which is obviously one of the new Chairman Mao's major props, were united. But the broadcasts reveal that the army, along with the Government and party, has been a key target of the "gang's" incursions.

This was confirmed by an article in the People's Daily in early December which attacked the "gang" for "creating chaos in the armed forces." The article, written by a group from the army's general staff, ordered implicit obedience to Mao and the party's central committee, and went on to point out how the "gang" had undermined loyalty.

Chang Chun-chiao, one of the "gang" but until October a Vice-Premier and director of the army's political department, was accused of trying to replace veteran officers with the "gang's" own men. The "gang" attacked senior army officers as "war-lords" and urged rebellion against the party's military commission, the highest body in control of the army.

Most important of all, there is an implied admission that a fair number of the "gang's" members have been "blemished" by the party.

Trouble in the army makes the provincial upheavals much more serious than they would be if the leadership in Peking could be certain of controlling the gun everywhere. The most worrying episode so far seems to have been in Hopei, the province that surrounds Peking.

In Paoing prefecture, immediately south of the capital, supporters of the "gang" attacked officials, caused outbreaks of armed fighting, while the masses were hoodwinked into beating, smashing and looting.

Most ominous of all, the Hopei newspaper said that the object of the "gang" in fanning the "Paoing incident" had been "to threaten the security of the capital."

The most detailed account of provincial troubles comes from Hubei, the province in central China that contains Wuhan, one of China's major industrial centres and the location of its

While these matters were not spelled out, they appear to refer to the party leadership in October. The Gang of Four, radicals purged from the party leadership in October.

Three quarters of the persons in Singapore, capital gross domestic product of \$5,940 (\$1,168), earned \$200 a year. One third less than \$400. Both a high by the standards of East Asia, but Singapore more concerned by the judge as unfair into parties of wealth.

The 1973 survey showed one third of household annual income of \$32,600 (\$500) and less than \$1,000. The reason to believe that inequalities have changed. Most of those who Government-built flats the lower income group Singaporean university students that a major settled families police loss of savings, and wally less happy, admitted after the last that its insensate ho grammar was one of reasons for the disson.

Some nationalists businessmen are about the increased nationalisation of the. Though overall foreign investment are not in 1969, when PA power, foreign companies accounted for of total paid-up capital. In mid-1973, it seemed nearly 70 per cent. The people of Singapore, are not likely to out of power. An ov majority of them are of origin, with strong ties of Chinese communities-bouring countries. Th Lee as the protector Chinese interests in world.

Although there are disaffection of var among the non-Chinese, they are not likely to screen.

The student leader, Tan, was charged to court with plotting to overthrow the Government for a year. Upon release, Tan, who is a law student, was drafted into the artillery, which usually takes only the most able-bodied of men. Claiming persecution, Tan disappeared from Singapore, and is now in England seeking political asylum.

One of Tan's offences was to encourage workers to make money. He is now in a majority, did a "Law and Order" he and the ultimate al Singaporeans is to ru successful-busiu

However, some indications are available. At the end of last year, the

But this was not the only consequence of the newspaper crisis. It heightened the political awareness of some liberal and student groups. And the dormant Workers' Party, founded by David Marshall, who in the mid-1950s was Singapore's

The Newspaper and Printing Presses Act, which followed, brought back the device of minority shareholders to maintain control of newspapers, and holders of such management shares have to have the written approval of the Minister of Culture, which is also required for the appointment of senior staff.

But this was not the only consequence of the newspaper crisis. It heightened the political awareness of some liberal and student groups. And the dormant Workers' Party, founded by David Marshall, who in the mid-1950s was Singapore's

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WORLD TRADE NEWS

U.S. Steel 'may withdraw' from Brazil iron project

BY DAVID WHITE

RIO DE JANEIRO, Dec. 20.

U.S. Steel is now rumoured to be preparing to withdraw from the venture, on a final decision was due by the end of this year.

The project is in some doubt at this stage, because of uncertainties on the world market and escalating costs. The overall cost of developing the mine and building transport facilities has more than doubled to over \$2bn. during AMZA's two-year existence.

The mine company has to carry the full burden of a 560-mile, 50m. tonnes after five years, and total reserves are estimated at 17.5bn. tonnes of high-grade ore.

British Steel is expected to take a 5 per cent. shareholding in the company, Amazonia Mineracao (AMZA), and to receive up to 5m. tons of ore a year from the operation.

However, the future of the project is in some doubt at this stage, because of uncertainties on the world market and escalating costs. The overall cost of developing the mine and building transport facilities has more than doubled to over \$2bn. during AMZA's two-year existence.

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Atlantic port of Sao Luiz, where a terminal is planned for ships of up to 200,000 tons. According to reports, U.S. Steel has requested that the Brazilian Government put up a loan of \$1bn. for development of the mine.

Divergences between CVRD and U.S. Steel have focused on a battle for administrative control. Under the present agreement, the Brazilian company holds responsibility for the technical, administrative and marketing sides of the venture.

AMZA was set up in 1974 to bring the Brazilians in as majority shareholders in the mine, which was discovered by a U.S. Steel subsidiary.

Indo-Soviet oil deal a major breakthrough

Y. K. K. SHARMA

NEW DELHI, Dec. 20.

A major concession to India, India, but crude and steel should end this problem.

India's trade with Russia is conducted on the basis of annual trade plans within the framework of a long-term trade treaty which is valid up to 1980. The present annual trade turnover is Rs.8.2bn.

The initial indication is 5.5m. tonnes will be supplied in the next four years, of which 1m. tonnes will be supplied in the first year.

It was indicated by the Deputy Foreign Trade Minister, when talks on an annual trade plan for next year began. The supplies will be against rupees and thus valuable foreign exchange India, probably more than needed for the higher prices of OPEC crude.

India has been seeking Soviet oil for many years without success, although kerosene and gas are imported under the trade plan. The breakthrough is seen as a major development in Indo-Soviet relations.

return India has offered supply next year 400,000 tons of pig iron and steel worth about Rs.300m. Items are in excess production. The two countries have pledged to double their trade by 1980. With crude oil into the picture, the deal could be achieved next year. One of the main difficulties in expanding trade has been the difficulty in finding value items to export from India to match imports from Russia.

Shipbuilding talks to-day

TOKYO, Dec. 20.

A THREE-MAN delegation from the EEC has arrived for two-day Government level talks on shipbuilding.

They said that Japan and the EEC will make another attempt to reach a shipbuilding agreement when talks with the team, headed by Josephus Loeff, Deputy Director of the EEC Commission's Industrial, Technological Affairs Bureau, start here to-morrow. The talks were originally scheduled to have started to-day.

Senior Government sources said that Japan remains likely to reject an EEC proposal that it share shipbuilding export markets with West European shipbuilding nations over the next two years.

The additional foreign interests are to be brought in through a system of preference shares, which have up to now been subscribed to by CVRD. These shares will not carry voting rights.

If steel's equity participation, if the deal goes through at around \$20m. In the case of a pull-out by U.S. Steel, the Japanese are believed to be prepared to assume the remaining shareholding.

The Americans have already reduced their planned output of ore from the mine, from 25m. tons, which would have been half the total output, to 9m. tons a year.

Some reports go so far as to suggest the project may be dropped entirely in view of cutbacks in Brazilian Government spending, but these may well reflect the Brazilian side's desire to bring pressure on the Americans for an early decision. Under a recent revision of next year's budget, CVRD's spending was cut back from Cr.10bn. (\$830m.) to Cr.9.5bn. (\$790m.), but there is no indication that the Serra dos Carajas project will be affected. CVRD's ore exports for this year are expected to show a marginal increase of about 1 per cent. to 48m. tons.

Romania seen as major U.K. market

BY DAVID LASCELLES, EUROPE CORRESPONDENT

A BRITISH trade mission to Romania has concluded that it is one of the most promising countries in East Europe for the business point of view.

The secretary of the East European Trade Council, Mr. Anthony Hore, who led the mission said, "Romania could be the Poland of the future." In 1970 Poland embarked on a massive industrial investment programme which led to large orders for western capital equipment.

In a confidential report, the Council expressed the view that Romania is genuinely interested in substantially improving its trade relations with Britain, despite recent complaints about the quality and price of Romanian goods.

The country's new five year plan offers opportunities in the metal, engineering, automobile, and food processing industries, and nuclear power. But the Romanians also insist in the further development of buy-back trade.

On textiles and footwear which have been the subject of dumping charges in Britain, the Romanians said that import restrictions had made life difficult. Romania wanted to maximise its foreign exchange earnings on the British market, but British importers kept on forcing prices down.

Romania also pointed out that it imports a large part of its textile industry's primary materials from Britain. No less than 40 per cent. of the Romanian footwear industry's import requirements were met from British sources. In 1977, Romania also planned to double its fibre purchases from Britain to a value of \$10-\$15m.

There were also excellent prospects for suppliers of spinning, weaving and knitting machinery, footwear and glassware equipment and machinery for making leather and household articles. But these could only be paid for by selling the products of this equipment.

The Romanians also com-

plained about the publicity the British Press had given to faults in railway engines recently delivered to British Rail. They claimed that far worse faults had been found in imports of British equipment.

On the balance of payments, the mission learnt that Romania's harvest, though good this year, had not been outstanding enough to improve the overall payments position. The mission concluded that a shortage of purchasing power would be a brake on the development of trade relations, especially since Romania's most attractive exports were confined to textiles, chemicals and agricultural products, which had already become traditional.

But Mr. Hore said that an imaginative approach by British companies and a willingness to consider joint projects in third countries could produce some new answers.

Chemical investment

By Michael Van Os

AMSTERDAM, Dec. 20.

Oxiride Chemie (Nederland), the Dutch subsidiary of the U.S. chemical company, has said in Rotterdam that it intends to gradually raise the annual production capacity of its propylene oxide plant in Europoort, from 180,000 tons to 360,000 tons.

The company said that the doubling of the capacity would require investments totalling Fl.300m. and to about two and a half years to complete.

● Mackintosh, a leading Dutch ready-made clothing manufacturer, has said that it has received a contract from the Soviet authorities to assist in the construction of a clothing factory in Moscow.

The company is to supply the technical know-how and it is also co-operating commercially with the Russians for a five-year period.

£20m. U.K. loan for Kenya

NATIONAL Westminster Bank

has signed a financial agreement with Mumias Sugar Company of Kenya, which provides for a loan backed by the Export Credits Guarantee Department of £19.7m. to the company to finance a contract for the extension of a sugar factory at Mumias.

Under the contract Fletcher and Stewart of Derby will have responsibility for supplying, installing and constructing the plant, equipment and buildings required to raise the capacity of the factory from 125 tons to 300 tons of cane per hour.

The factory, which was built by Fletcher and Stewart and started operations in 1973, is currently producing 60,000 tons of sugar a year. The latest expansion will enable production to be increased to 156,000 tons a year by 1981.

Abwood exports

In three months Abwood Machine Tools has received grinding machine orders for export totalling some £800,000. The orders, placed include U.S. \$450,000, Singapore £75,000, Australia £40,000. Deliveries are scheduled over the next eight months.

Plant for Qatar

Corbin Process Engineering and Construction has signed a contract worth about £9m. to erect an ammonia plant at Umm Said for the Qatar Fertiliser Company under a 100 per cent. capacity expansion programme.

£200m. order

General Electric has received a contract worth over £200m. to supply a boiling water reactor nuclear steam supply system and turbine generator for a 970,000-kW nuclear power plant being built near Santander, North Spain for Electrica de Viesgo.

Rigs for Pakistan

Pakistan's state-owned Oil and Gas Development Corporation has announced plans to purchase four oil rigs in the U.S. at a total cost of \$18m. The rigs will be used for onshore exploration.

Canadian clothing curbs reconsidered

BY VICTOR MACKIE

OTTAWA, Dec. 20.

CANADIAN EMERGENCY import permit applications in this category, which have been eased as they apply to high fashion and specialty items and in other respects are now being reassessed in the light of changes.

The changes in import restrictions which were first imposed on November 29 were made public last week. Since the import curbs were announced in Canada in 1977 to the levels of imports of 1975, there has been a flood of protests to the Government and in Hong Kong, which will be seriously affected.

However, the Canadian textile and garment industries have described his action as "helpful" in averting a major crisis facing the industry because of spiralling imports, and increasing competition.

The measures, however, have created hardship for some of those engaged in the importation, distribution and retail trades. Mr. Jean Chretien, the Minister of Trade and Commerce, said he was moving to alleviate the hardships in some cases.

He has taken specific action to deal with problems posed by Canadian firms selling high fashion and specialty items. He has established a special review committee under the Textile and Clothing Board to determine up to the level of import allocations based on imports in 1975.

He has also instructed that in allocating import quota entitlements generally on the basis of 1975 imports, 80 per cent. only should be allocated on the basis of 1975 performance. This would leave an unallocated amount which could be used to deal with special hardship cases.

Such cases will be referred to a specially constituted committee within his department which will be responsible for advising on individual hardship applications. The textile and consumer products branch of the Department of Industry, Trade and Commerce is the contact point for all such applications, he said.

He is also asking the committee to consider a limited degree of inter-changeability of permits among the various categories of clothing under control when necessary in order to respond to market changes. Some importers have claimed they should be permitted to allow the completion of import business transactions on the basis of letters of credit or equivalent commitments made prior to November 29.

"The programme I have announced goes some way in meeting this problem by allowing for importation of goods in transit as of midnight November 29 and Committee under the Textile and Clothing Board to determine up to the level of import allocations based on imports in 1975."

ICI joint venture agreed

BY RHYS DAVID, CHEMICALS CORRESPONDENT

ICI and Montedison, the Italian share through ACNA, a subsidiary of its industrial products division.

Each of the two companies will be entitled to half the output of 4,000 tonnes a year from the plant, which is scheduled for completion in the summer of 1977. Operation of the plant will be carried out by ICI staff on behalf of both companies, announced last month. Montedison and ACNA will be represented on the plant management team.

Christmas on the phone...

Calls within UK & Isle of Man



	DEC 24	DEC 25	DEC 26	DEC 27
DIALLED CALLS	Normal Mon-Fri Charges	Cheap Rate all day	Cheap Rate all day	Normal Mon-Fri Charges
OPERATOR CALLS	U.K. & I.O.M. excl. Scotland	Standard Rate all day	Standard Rate all day	Normal Mon-Fri Charges
	Scotland	Standard Rate all day	Cheap Rate all day	Normal Mon-Fri Charges
DELIVERY OF INLAND TELEGRAMS (Acceptance - see below ***)	U.K. & I.O.M. excl. Scotland	'Life & Death' messages only	'Life & Death' messages only	Bank Holiday service
	Scotland	Normal	Sunday Service	Sunday Service

	DEC 28	DEC 29	DEC 30	DEC 31
DIALLED CALLS	Normal Mon-Fri Charges	Normal Mon-Fri Charges	Normal Mon-Fri Charges	Normal Mon-Fri Charges
OPERATOR CALLS	U.K. & I.O.M. excl. Scotland	Normal Mon-Fri Charges	Normal Mon-Fri Charges	Normal Mon-Fri Charges
	Scotland	Normal Mon-Fri Charges	Normal Mon-Fri Charges	Standard Rate from 1pm
DELIVERY OF INLAND TELEGRAMS (Acceptance - see below ***)	U.K. & I.O.M. excl. Scotland	Bank Holiday service	Normal	Normal
	Scotland	Sunday Service	Normal	Normal

...and the New Year.

	JAN 1	JAN 2	JAN 3	JAN 4
DIALLED CALLS	Cheap Rate all day	Cheap Rate all day	Normal Mon-Fri Charges	Normal Mon-Fri Charges
OPERATOR CALLS	U.K. & I.O.M. excl. Scotland	Cheap Rate all day	Normal Mon-Fri Charges	Normal Mon-Fri Charges
	Scotland	Standard Rate all day	Normal Mon-Fri Charges	Normal Mon-Fri Charges
DELIVERY OF INLAND TELEGRAMS (Acceptance - see below ***)	U.K. & I.O.M. excl. Scotland	Bank Holiday service	Bank Holiday service	Normal
	Scotland	'Life & Death' messages only	Sunday Service	Sunday Service

*Operator services on Christmas Day (New Year's Day in Scotland) will be restricted to '999' calls and calls to places which cannot normally be dialed.

In addition, the following types of call will be accepted in emergency and distress situations only: assistance with dialled calls, directory enquiries, special facility calls (eg transferred charge calls).

However, transferred charge calls will also be accepted from coinboxes for calls to places which cannot normally be dialed. Please find out numbers and dialling codes well in advance.

**Acceptance of telegrams by telephone will continue at all times throughout the holiday period.

Make someone happy with a phone call

Post Office Telecommunications

Tanzania orders Land Rovers at £1.2m.

FINANCIAL TIMES REPORTER

THIN days of the opening of its new commercial vehicle market in Kenya, British Leyland has received an order from Tanzania for 300 Land Rovers worth about £1.2m. The order comes at the time a fierce behind-the-scenes struggle between a wide range of international commercial vehicle manufacturers for the Tanzanian market.

The Government is thought to be considering a plan to standardise on a set number of marques in order to rationalise the product range within the country. Following that there is a possibility of establishing local manufacturing plants on the lines of the one which Leyland has opened at Thika in Kenya using a

large percentage of local components. Leyland's new Land Rover order therefore comes at a critical point for the company. The deal also demonstrates that the Land Rover stands a good chance of becoming the standard four-wheel-drive cross-country vehicle in Tanzania despite the challenge of the Toyota Land Cruiser.

ORLD VEHICLE MARKETS

Going back to Africa

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

A GUSTY, rain-spattered Kenya last week, British Leyland opened its most vibrant new company in black Africa for many years. President Kenyatta attended, presiding over a two-hour ceremony that dances and nationalistic outside a sparkling new factory which is already attracting Land-Rovers and is containing far more than any other produced before. As a demonstration of the company's commitment to the future, Leyland has opened a new factory in the heart of Nairobi, towards local African manufacturing.

The markets themselves are usually small, and highly fragmented. Quite often they are governed by unstable prices and subject to such oscillating economic conditions that it is rarely possible to predict clear financial returns. Yet, despite these uncertainties, the company's investment in the manufacturing of Land-Rovers and other vehicles has been a success story.

Mr. David Andrews, managing director of the International Group, there is little point in fighting against the quite real ambition of the development countries to use the motor industry as a catalyst for industrial change and development. The need to switch to local manufacturing in order to increase employment, save foreign exchange, and develop the tech-

nical skills on which growth depends. A plant like the one at Thika in Kenya, apart from employing 350 men on its own, will spawn ancillary employment in battery manufacturing, trim production, and so on.

Second, these overseas companies have enormous potential for growth—more in the long term, perhaps, than developed areas like Europe. Kenya has been growing at the rate of 7 per cent. a year, and there are big possibilities for the future. Thika, for example, could double output from 4,000 to 8,000 units a year by adding a second shift. Nigerian demand for vehicles has exploded so fast that there have already been doubled to 6,000 a year capacity to 12,000.

Third, although these markets are small in themselves, they add up in total to a very large amount of business. For example, most of Leyland's sites in the developing world to-day are on the basis of local assembly of "knocked-down" kits—bolting together products made wholly in the U.K. This business accounts for 30 per cent. of commercial Land Rover output, and a total of 240,000 vehicles in all—about a quarter of Leyland's total output.

Fourth, the parent manufacturer can maintain a stake and income from these investments because of its technical and management expertise. Leyland, for example, has a renewable management contract at Thika for the next 10 years.

The risk, of course, is that the parent company gradually loses control and income from overseas. Leyland, for example, has conceded a 55 per cent. share of the equity in its Kenyan plant to the Government and other local interests, and it has a similar minority interest in its planned new Nigerian manufacturing company.

For car production, the rationale of splitting output in this way is not so clear-cut. In the lower end, however, there will be opportunities for profitable car enterprises. This company has Leyland are playing for large long-term stakes in the car market when establishing commercial vehicle manufacturing facilities.

The opportunity for Leyland to develop healthy business relationships in Africa undoubtedly exists because of its strength in utilitarian commercial vehicles and, above all, its all-purpose, cross-country Land-Rover and Range-Rover models.

Despite the challenge from the Toyota Land Cruiser and plans for a new jointly produced Mercedes, Steyr-Daimler-Puch cross-country vehicle, the Land-Rover remains the single most sought-after model in the developing world. It is largely due to this product that Leyland now has a strong position in Africa, turning over more than £100m. and making profits of almost £8m.

The Land-Rover is also a key marketing tool for Leyland, a product which gives the company an entry into many varied markets. Angola, for instance, which might now be expected to look towards Eastern Europe for more of its needs, is currently talking about an order for 2,000 Land Rovers; Tanzania has just ordered 300, and Zaire, Zambia and Malawi are all strongly committed to the product. This is why it is so important for Leyland to move ahead with its planned expansion of Land and Range-Rover production next year.



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Credit law to operate next year

PEOPLE WILL be able to find out early next year what credit agencies know about them—but may not see what is on record about other people. Mr. John Fraser, Minister of State, Prices and Consumer Protection, told the Commons yesterday.

Mr. Fraser said he would be bringing into operation the part of the Consumer Credit Act dealing with credit reference agencies and extortionate bargains. The part of the Act setting out content and method of calculating total credit charges would be made effective at the same time.

Mr. Fraser said the second round of licensing in the industry would also start early in the New Year, and later, the restrictions on advertising and seeking business would be brought in.

Asked by Mr. Michael Ward (Lab., Peterborough) about access to credit reference agencies' files, Mr. Fraser said: "Broadly speaking, people will be able to get information about themselves, except where access to the file might bring before the individual information about other people."

Hospital verdict promised

A DECISION on the future of the controversial Royal Liverpool teaching hospital, still undecided in the city centre, will be announced in the Commons later this week. This assurance was given by Mr. David Ennals, Secretary for Social Services, after he had visited the site of the 800-bed multi-story hospital yesterday.

Mr. Ennals said he was in no doubt about the advantages of proceeding with the hospital if possible but the cost presented considerable obstruction.

When the hospital was first envisaged in 1949, it was estimated to cost £1m. The present estimate is that it will cost £50m, when it is completed in 1978, six years behind schedule because of prolonged industrial and financial problems.

World Value of the Pound

The table below gives the latest available rates of exchange for the pound against various currencies on December 20, 1971. In some cases rates are nominal. Market rates are the average of buying and selling rates, except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the U.K. and most of the countries listed is officially controlled and the rates shown should not be taken as being favourable to buying and selling without reference to an authorised dealer.

Abbreviations: (S) member of the sterling

Place and Local Unit	Value of £ Sterling	Place and Local Unit	Value of £ Sterling	Place and Local Unit	Value of £ Sterling
Algeria (Dinar) Franc	275.85	Germany (West) Deutsche Mark	3.36 1/2	Paraguay (Guarani)	209.85
Argentina (Peso)	13.76	Ghana (Cedi)	1.92	Peru (Sol)	118.72
Australia (Dollar)	1.48	Gibraltar (Gibraltar £)	1.00	Philippines (Piso)	12.66
Belgium (Franc)	6.55	Guinea (Sierra Leone)	1.92	Pakistan (Rupee)	10.50
Bombay (Rupee)	114.76	Greece (Drachma)	61.35	Panama (Balboa)	1.00
Botswana (Pula)	4.54	Greenland (Danish Krone)	5.75	Papua N.G. (Kina)	1.00
Brazil (Cruzeiro)	454.00	Guatemala (Quetzal)	5.00	Poland (Zloty)	10.32
British S. Africa (Rand)	2.25	Honduras (Lempira)	1.00	Portugal (Escudo)	200.00
Bulgaria (Lev)	1.50	India (Rupee)	1.00	Portugal (Escudo)	200.00
Canada (Dollar)	1.00	Indonesia (Rupiah)	1.00	Portugal (Escudo)	200.00
Ceylon (Rupee)	1.00	Israel (Sheqel)	1.00	Portugal (Escudo)	200.00
China (Yuan)	1.00	Italy (Lira)	1.00	Portugal (Escudo)	200.00
Czechoslovakia (Czech Koruna)	1.00	Japan (Yen)	1.00	Portugal (Escudo)	200.00
Denmark (Krone)	1.00	Korea (Won)	1.00	Portugal (Escudo)	200.00
Dominican Rep. (Peso)	1.00	Kuwait (Dinar)	1.00	Portugal (Escudo)	200.00
Ecuador (Dolar)	1.00	Laos (Kip)	1.00	Portugal (Escudo)	200.00
Egypt (Pound)	1.00	Lebanon (Lira)	1.00	Portugal (Escudo)	200.00
El Salvador (Colon)	1.00	Malaysia (Ringgit)	1.00	Portugal (Escudo)	200.00
France (Franc)	1.00	Mexico (Peso)	1.00	Portugal (Escudo)	200.00
Germany (West) (Mark)	1.00	Morocco (Dirham)	1.00	Portugal (Escudo)	200.00
Ghana (Cedi)	1.00	Netherlands (Guilder)	1.00	Portugal (Escudo)	200.00
Gibraltar (Gibraltar £)	1.00	New Zealand (Dollar)	1.00	Portugal (Escudo)	200.00
Guinea (Sierra Leone)	1.00	Norway (Krone)	1.00	Portugal (Escudo)	200.00
Guatemala (Quetzal)	1.00	Oman (Rial)	1.00	Portugal (Escudo)	200.00
Honduras (Lempira)	1.00	Pakistan (Rupee)	1.00	Portugal (Escudo)	200.00
India (Rupee)	1.00	Panama (Balboa)	1.00	Portugal (Escudo)	200.00
Indonesia (Rupiah)	1.00	Paraguay (Guarani)	1.00	Portugal (Escudo)	200.00
Israel (Sheqel)	1.00	Peru (Sol)	1.00	Portugal (Escudo)	200.00
Italy (Lira)	1.00	Philippines (Piso)	1.00	Portugal (Escudo)	200.00
Japan (Yen)	1.00	Pakistan (Rupee)	1.00	Portugal (Escudo)	200.00
Korea (Won)	1.00	Panama (Balboa)	1.00	Portugal (Escudo)	200.00
Kuwait (Dinar)	1.00	Paraguay (Guarani)	1.00	Portugal (Escudo)	200.00
Laos (Kip)	1.00	Peru (Sol)	1.00	Portugal (Escudo)	200.00
Lebanon (Lira)	1.00	Philippines (Piso)	1.00	Portugal (Escudo)	200.00
Malaysia (Ringgit)	1.00	Pakistan (Rupee)	1.00	Portugal (Escudo)	200.00
Mexico (Peso)	1.00	Panama (Balboa)	1.00	Portugal (Escudo)	200.00
Morocco (Dirham)	1.00	Paraguay (Guarani)	1.00	Portugal (Escudo)	200.00
Netherlands (Guilder)	1.00	Peru (Sol)	1.00	Portugal (Escudo)	200.00
New Zealand (Dollar)	1.00	Philippines (Piso)	1.00	Portugal (Escudo)	200.00
Norway (Krone)	1.00	Pakistan (Rupee)	1.00	Portugal (Escudo)	200.00
Oman (Rial)	1.00	Panama (Balboa)	1.00	Portugal (Escudo)	200.00
Pakistan (Rupee)	1.00	Paraguay (Guarani)	1.00	Portugal (Escudo)	200.00
Panama (Balboa)	1.00	Peru (Sol)	1.00	Portugal (Escudo)	200.00
Paraguay (Guarani)	1.00	Philippines (Piso)	1.00	Portugal (Escudo)	200.00
Peru (Sol)	1.00	Pakistan (Rupee)	1.00	Portugal (Escudo)	200.00
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The Management Page

EDITED BY JOHN ELLIOTT

ARTICIPATION IN LOCAL COUNCILS

BY SUE CAMERON

JOB CLASSIFICATION

Unions take seats in Basildon

Five-step guide to big company pecking order

BY MICHAEL DIXON

THE FIRST attempt to introduce employee representatives on to the local government councils in Essex is being tried at Basildon in Essex. A pilot scheme has been running for six months.

The scheme was set up at the instigation of leaders of Basildon's Labour-controlled district council who felt that employee representatives could make a useful contribution to council meetings because of their first-hand knowledge of the authority's services. It was also thought that local government on representatives should be the same rights as those proposed in the private sector by the Bullock Committee of Inquiry on industrial democracy.

This coincides with internal council inquiries on industrial democracy in the public sector, including local government, where national union leaders are calling for seats for representatives on local councils and committees. They received a considerable amount of support at last week when the district council agreed to invite its unions to put up representatives to sit in on its committee meetings with the right to speak but not to vote. The invitation is in advance of a decision by the Whitehall.

Rejection

The associations which represent the local authorities have never rejected any idea of a union-based employee representation. But at the same time they have recognised the need for individual authorities to make up their own minds about the scheme. This is the case in Basildon and now in the

Basildon there are four employee representatives on the council itself and most of the committees have two. They have the right to speak but they do not vote and they are excluded from the key policy committee which makes recommendations to the council. They were excluded from this committee because councillors from the

minority Conservative and Resistant parties do not sit on the policy executive committee and their committees is being tried at Basildon in Essex. A pilot scheme has been running for six months.

It is probable that there will be strong opposition to this proposal on the grounds that ordinary elected council members have to hold down jobs during the day and they are not

The Government will next year decide whether to give a general go-ahead to employee participation systems in local government.

For the past six months Britain's first experiment in combining industrial democracy with the electoral principle has been taking place in Basildon.

at committee meetings. A high percentage of Basildon council's manual workers belongs to the National Union of Public Employees and 95 per cent of the office workers belong to the National and Local Government Officers Association which has simplified the problem of sorting out the union representation.

So far the union representatives have concentrated their energies on meetings of Basildon's management services committee which deals with council employees' terms and conditions of service. They attend committees on a rota basis and those who have an interest in a particular field are allowed to attend the relevant committee regularly if they wish. Sometimes the employee representatives do not appear at committee meetings at all and the unions say that the reason for this is almost casual attitude is shortage of time and pressure of work.

Members of the local NALGO branch complain that at present it has been difficult for them to decide what line their representatives should take at committee meetings because there has been little time to go through agendas and agree a viewpoint. The unions, however, do not want individual representatives to continue to put forward their own personal opinions and

never happen because employee representatives would always put forward the views of their colleagues and would not grind

feel that it could still happen in the future. They are worried that, if it did, the management of council services would become far more difficult.

Although Basildon was the first district council to bring in employee representation, similar moves are now being made by other authorities. For instance in Slough employee representatives are allowed to sit and speak—but not vote—on the council's personnel committee which deals with the terms and conditions of all those who work for the authority.

Under the scheme that has been agreed by the Greater London Council, union representatives will be able to form up to a third of the membership of each committee—rather more than in Basildon.

The GLC scheme will give union representatives, as at Basildon, the right to attend and speak at committee meetings but not to vote. The GLC is planning to ask the Government to introduce legislation that will put the scheme on a firm statutory basis; in the meantime it will be run in a more ad hoc manner.

C. of the reasons given for setting up worker representation in the GLC is that some

One of the strongest arguments against employee representation in local government is that it cuts across the traditional parliamentary democratic principle of accountability to the local electorate. The Basildon scheme has been strongly opposed for this reason by Conservative and Residents party councillors.

On the other hand union representatives in Basildon have no voting rights and they have so far not attempted to influence party political decisions. Local trade unionists feel it would be wrong for them to take a party political line and they say that for this reason they do not want voting rights.

But these views of members of the Basildon branch of NALGO are at variance with the union's national policy on representation. NALGO national leaders want its local government representatives to have voting rights on council committees although it insists that its members should neither vote nor speak along party political lines.

In Basildon, fears that union representation might exercise an undue influence over the decisions of democratically elected councillors have proved unfounded.

Minor role

The union representatives have played a minor role in the council's general affairs and this has been a source of disappointment to the Labour Party members who originally instigated the scheme. The unions themselves would also like to make a larger contribution to council policy, but say they have been unable to do so because of the time restraints.

The practical effect of this however is that the scheme has worked smoothly and has not impeded the management of the council's affairs precisely because it has had so little impact on the policy decisions made by the democratically elected councillors. The potential conflict between local democracy and union representation seems to have been sidestepped through lethargy rather than intent. But whether this harmonious state of affairs will continue now that the unions are demanding extensions to the scheme remains to be seen.

OF LATE, numerous job-classifying systems, more or less sophisticated but on the whole unsuccessful, have been devised with a view to improving operations such as pay-grading and recruitment. Over the years too, theories have sprung up about non-bureaucratic forms of objectives to be pursued by work-organisations, with titles as "organic" or "democratic." But through it all, Professor Ralph Rowbottom has stuck to the idea that over a wide range of fields, work is best described and organised in a well defined hierarchy.

On the basis of some seven years of concentration on public services as a member of Brunel University's Institute of Organisational and Social Studies, and twice as long beforehand in commerce and industrial management—both doubt claim that his idea is justified by experience. But he would prefer to justify it on the grounds that it fits the facts.

Recently, with colleague David Billis who also works in association with Professor Elliott Jacques at the Brunel Institute, he has defined the hierarchical model even tighter into a set of five distinct layers which, as they are within beard-brushing distance of academic sociology, the two researchers call "discrete strata." Perhaps understandably too, the way they place jobs within the layers fits in with Jacques's time-span-of-discretion theory. This theory put roughly, ranks work at successively higher levels according to its demand for increasingly abstract thinking and the length of time over which the worker's control extends (or how long he can get away with it without being rumbled).

The lowest stratum of jobs is described by Rowbottom and Billis by the term "prescribed output—working towards objectives which can be completely specified (as far as is significant) beforehand, according to defined circumstances which may present themselves." This layer, they say, includes most craftsmen as well as less- and unskilled workers and also, in its upper reaches, many supervisory staff. The ceiling that divides them from their super-

visions is that they are not expected to make any significant judgments on what output to aim for or under what circumstances to aim for it.

Stratum Two is depicted as a "situational response—carrying out work where the precise objectives to be pursued have to be judged according to the needs of each specific concrete situation which presents itself." Since the worker here needs the ability to explore and assess the nature of the said specific concrete situations, the researchers suggest that this layer separates the professional employee from the craftsman below, but it also includes those jobs of managers who are fully accountable for the work of those below, but it also includes those jobs of managers who are responsible for appraising their needs and capabilities. The ceiling for second-layer dwellers is that they are not expected to make any commitments on how situations which may arise in the future are to be dealt with.

Systematic

Stratum Three is termed "systematic service provision—making systematic provision of services of given kinds shaped to the needs of a continuous sequence of concrete situations which present themselves." Characteristically, the work involves initial discussions and negotiations with a number of fellow workers and co-ordinating new schemes. A likely private enterprise candidate for this layer seems to be the sales manager. Its ceiling is that the inhabitants are not expected to make any decisions on the reallocation of resources to meet needs which are not yet clearly evident for the kinds of services under their charge.

In Stratum Four we meet, among others, the departmental director. The description here is "comprehensive service provision—making comprehensive provision of some given kinds according to the total and continuing needs for them through out some given territorial or organisational society." While fourth-layer managers may not be authorised to make final de-

cisions on investment. Rowbottom and Billis say, they will at least need some degree of authority to reallocate existing resources to cope with newly emerging kinds of need within their particular service area. The ceiling is that they are not expected to make any decisions on the reallocation of resources to meet needs for different or new kinds of services.

To give an idea of the scope of Stratum Five people, the Brunel pair suggest that whereas the industrial man in the fourth layer thinks of his responsibilities in terms of over-views or calculations, the purview of his counterpart in the fifth requires thinking in terms of field coverage. Stratum Five includes the chief executives of many large business organisations.

Rowbottom and Billis stop their defined hierarchy here, although they admit that there seems no reason to do so. Beyond Stratum Five there exist jobs of the chief executive type responsible for the meshing of several whole "comprehensive fields" — the top manager of a large local authority perhaps, or of a multi-national — and beyond that as well.

But the fact that they accept that this is so, does not mean they approve of it. "What is the social justification for the existence of larger than Stratum Five industrial and commercial organisations?" they ask. "How far might we see the proliferation of these over-obsessed with advantages of the economy of size and scale, and neglectful of the needs for more convivial institutions in which men can live and work?"

Moreover, they suggest with rather more tact that there may be organisations in the public service which might benefit from being cut down to Stratum Five size at most.

If they asked me, I could nominate one right away — the National Health Service. Its top management seems to be so far up the scale that hardly anybody even knows whether it exists.

ENEL (THE ITALIAN NATIONAL ELECTRICITY AUTHORITY)

ELECTRICITY SERVICE

ENEL (Ente Nazionale per l'Energia Elettrica), the Italian national electricity authority, was established pursuant to Law No. 1643 of 6 December 1962. By end-1975 more than 8 million new consumers had been connected to the ENEL distribution networks since the beginning of 1963: during that period ENEL met an increase of 147% in demand by direct consumers. At 31st December 1975, therefore, the number of consumers supplied by ENEL amounted to more than 22.7 million and electricity invoiced during 1975 to direct consumers to more than 93 billion kWh. In the performance of its institutional functions ENEL has encountered many and varied, and sometimes extremely serious, difficulties.

For example, the construction of new generating plants has for many years been delayed, if not prevented, by persistent opposition on environmental grounds, which has resulted in a progressive diminution of reserve margins, the availability of which is indispensable for ensuring continuity of service. Despite these circumstances, by means of efficient coordination of production and transmission, ENEL has succeeded in providing coverage of power requirements with a degree of continuity of service no lower than that achieved in the other more industrially advanced countries.

INVESTMENT

In 1975 ENEL investment expenditure amounted to 1,012 billion lire, accounting for 13.3% of total Italian industrial investment. Overall investment by ENEL between 1963 and 1975 totalled more than 7,020 billion lire, of which almost 3,050 billion was for extending and raising the capacity of distribution networks: this latter figure indicated the magnitude of ENEL's commitment to meet the mounting needs of an ever-increasing number of consumers, also in very small and remote villages.

FINANCING REQUIREMENT AND REVENUES

Between 1963 and 1975 ENEL had to meet a financing requirement of almost 10,800 billion lire, for new plant investment, for the settlement of indemnities to enter-

prises that had been nationalized, for the redemption of loan bonds at maturity, etc.; whereas, until July 1974, electricity tariffs remained frozen at the 1959 levels, while the cost of materials, of money, of labour was rising continuously, often steeply.

However, apart from the introduction of a 44% thermal surcharge, in relation to the higher cost of fuel oil (which rose fourfold after the outbreak of the oil crisis), the tariff increase obtained in the summer of 1974 was, on average, only 22%, while already by end-1973 wholesale prices had risen by 85% since 1959. And the past two years have seen a further escalation of the cost of goods and services, accompanied by considerable increases in labour costs, attributable principally to the increments based on the mounting cost-of-living index: factors which have obviously resulted in a further deterioration of the disequilibrium between ENEL's operating costs and revenues.

The causes underlying the present situation range beyond the now general awareness that the context in which ENEL is managed is heavily conditioned by factors and situations extraneous to routine operating factors and situations that are, in turn, significantly influenced by the evolution of the Italian economy. From the viewpoint of financial results, the situation has been aggravated by the fact that the ENEL establishing legislation made no provision for an endowment fund or for easing of the borrowing burden for the payment of indemnities to the nationalized enterprises: the French and British undertakings, which over the years have obtained substantial tariff increases, enjoyed both these facilities; but, in ENEL's case, the amount of indemnity payable was larger and the terms and conditions of payment much more severe. It was only in 1973 that ENEL was granted an endowment fund, and then only in the amount of 250 billion lire, to be disbursed in five annual installments of 50 billion. At end-April 1976 the endowment fund was increased by 2,000 billion lire (disbursable over the period 1976-1980), in the context of the provisions of the National Energy Programme approved by CIPE (Inter-ministerial Committee for Economic Planning) at end-1975.

As a consequence of the factors outlined above, the ENEL Accounts for financial year 1975 closed with a loss of approximately 542 billion lire, after provision for a depreciation appropriation amounting to 343 billion lire.

OPERATING COST ECONOMIES AND HIGHER PRODUCTIVITY

ENEL has at all times devoted maximum effort to achieve all the economies enabled by the scale of operations and by the unification of management and has pursued the technical and economic rationalization of all its activities, with the object of raising productivity and of reducing operating costs, compatible with a high standard of reliability and quality of service.

The principal related measures include:

- ☐ Coordination, at national level, of the operation of generating plants and centralized management of the primary transmission system (technical-economic dispatching).
- ☐ Installation of standardized large-capacity thermal power units, at lower unit capital costs, with a high degree of efficiency.
- ☐ Containment of the financial requirement for investment, at parity of capacity demanded by consumers, with the development of pumped-storage plants, for which the unit capital cost is roughly half that of nuclear plants.
- ☐ Extensive automation and remote-control of generating plants and sub-stations.
- ☐ Widespread utilization of computerized systems for management, planning and plant-design activities.

The more significant results obtained from these measures are:

- ☐ Reduction of the financing requirement, by more than 1,000 billion lire, for pumped-storage plants already completed or under construction.
- ☐ Reduction by 10% of the specific consumption of conventional fuels, with a saving of approximately 150 billion lire in 1974 and 1975 alone.

- ☐ Reduction by 29% of the mean power path on the primary transmission system.
- ☐ Reduction by 20% of transmission and distribution losses.
- ☐ Higher productivity: expressed in terms of generating plant capacity per employee (excluding personnel of former contract service firms), productivity rose from 174 kW prior to nationalization of the electricity industry to approximately 330 kW at end-1975.

PLANT INVESTMENT PROGRAMMES

ENEL's executive programme for the construction of new generating plant covers the period up to and including 1983. The programme, already at an advanced stage of development, consists as follows:

Type of plant	GROSS MAXIMUM CAPACITY (MW)
Hydroelectric	5,227
Geothermal	15
Conventional thermal	14,415
Nuclear	5,850
Total	25,507

Taking also into account investment in new generating plant that will be planned, and for which construction will commence, in the next few years and which will be commissioned after 1983, as well as investment for development of the transmission system and distribution networks, ENEL investment for the period 1976-1988 inclusive is estimated at more than 11,000 billion lire.

Presented by ENEL

The Italian National Electricity Authority. For further information contact: ENEL, Ufficio Stampa e Relazioni Pubbliche, via G. B. Martini 3, Roma, Italy.

Less independent than hoped

By DAVID FISHLOCK, Science Editor

Inflation and wages

THE main uses of the monthly indices of wage rates and earnings as an economic indicator are first, to help establish the trend of industrial costs and second, to show how real income after allowing for price increases is developing. For both these purposes, the index of earnings though published a month in arrears—is much the more useful. The index of wages rates is so influenced by the precise date at which particular settlements are reached that the figures are always subject to fairly drastic revision, and comparison with the same month a year ago is dangerous. Moreover, when industry is just beginning to move up out of a recession, its normal first reaction (which seems to be more marked than usual on this occasion) is to cut short-time working and increase overtime rather than add at once to its labour force.

It is primarily the earnings figures that one needs, therefore, and the earnings figures are once again not available as a result of industrial action in the DoE. Nor can one work back to them from an examination of the latest statistics of retail sales. Although the volume of sales in November seems to have recovered quite sharply from the September/October fall, this was probably due partly to the coming into force of tax reliefs, partly to anticipation of increases in indirect taxation.

Input costs

If one is forced to move beyond the mere uncertainty of official statistics into the realm of conjecture, however, one is forced to conclude that real personal purchasing power after tax is likely to drop in the months ahead. Under the present stage of incomes policy—within the terms of which about a quarter of the workers covered by the wages index have now settled—the average rise in earnings over the year was to be restricted to 7.5 per cent. There may be some slippage and there may (though this seems less likely while unemployment is still high and

rising) be some decline in the savings ratio. But the rise in the input costs of manufacturing industry which has already taken place, and which is largely due to the devaluation of sterling against other currencies and means that the present inflation rate of around 15 per cent a year is unlikely to decline until around mid-1977. The Treasury, in fact, is even more pessimistic. Although believing that the rate of inflation will peak around mid-1977 and fall thereafter, the forecasts issued with the mini-Budget suggests that prices in the fourth quarter of 1977 will be 15 per cent higher than in the fourth quarter of 1976, suggesting that the rate—and the squeeze on real incomes—will be greater in the meantime. It therefore forecasts that real consumer expenditure (which probably fell only slightly this year) will be 2 per cent lower in the second half of next year than in the second half of this.

Public relations

The squeeze on real incomes will put the present stage of incomes restraint under some pressure and affect negotiations with the TUC about the next stage, though the monetary targets agreed with the International Monetary Fund are tight enough to ensure that an excessive level of average wage claims will mean a still greater increase in unemployment than that already in prospect. But the Government may well have a political problem on its hands and in this context the TUC seems to have prepared itself better to meet public opinion than the CBI. While the latter showed some approval of the mini-Budget, the former showed only grudging and conditional acceptance, demanded action by the Government on various fronts (apart from direct tax reliefs), and called on industry to match the contribution of the TUC by investing more. Since the official forecast for the growth of manufacturing investment next year is much higher than most outsiders think likely, the TUC is already one large, if unfair, jump ahead.

The Caribbean and the ballot box

IN THE past few weeks the countries of the Commonwealth Caribbean have demonstrated that they can manage their political lives to a degree of political sophistication and humanity that is rare among their Spanish and French speaking neighbours.

In Barbados the electorate decided it was time for the right of centre Mr. Tom Adams to take over from the left of centre Mr. Errol Barrow. In Trinidad and Tobago the voters felt they were better off with their incumbent Prime Minister, the long-lasting Dr. Eric Williams. The Grenadians fired a shot over the bows of their leader Mr. Eric Gairy by reducing his parliamentary majority. Finally in Jamaica last week the polls showed that Mr. Michael Manley's brand of Democratic Socialism had an enthusiastic following.

Strong-arm men

The four elections were not carried out flawlessly. In Grenada under Mr. Gairy's erratic rule there must always be doubts about how far the Government's strong-arm men interfere with the constitutional rights of the opposition. The Jamaican poll was marred by more than the usual amount of violence and the strong suspicion that outside forces financed and equipped gunmen. Nevertheless, there can be no doubt that the results of the four elections represented that popular will more or less accurately.

For the Caribbean countries themselves the results will serve as objects of legitimate pride and all four countries could well serve as models for their less politically sophisticated neighbours.

For the governments of countries outside the Commonwealth Caribbean the results also have their lessons. The first must be that the four countries—and indeed their sister territories such as Belize—need lessons from nobody about how to operate a working parliamentary democracy.

Control of industry

At the same time, it is likely that the governments of the Commonwealth Caribbean will seek more control in future over the industries on which their export earnings depend. If this process is to be carried out fairly and with the minimum of disruption to buyers and sellers it will have to be well thought out and based on proper compensation for any losses incurred. In this context the latest report of the House of Commons Select Committee on Overseas Aid, a document published this month which is distinguished by a sensitive appreciation of the problems of the Caribbean and the future role of expatriate companies in the region, is particularly valuable. It provides an excellent blueprint for Britain's future policies in the region, in particular on the sensitive question of investment by British companies.

JUST THREE years ago, in the wake of the big Opec oil price increase, President Nixon announced Project Independence, the plan that was to make the U.S. independent of energy imports by 1985. Next month when Mr. Jimmy Carter enters the White House he will find that far from being less than two years away, the goal of Project Independence has receded into the distant future.

The three years have been spent raising fresh problems, delaying decisions, deferring price increases, promoting hopes of panaceas and—above all—allowing energy consumption to go on growing. Plutonium and proliferation have displaced the many earlier nuclear worries. Delays in licensing nuclear reactors, enrichment facilities, coal winning and synthetic fuel processes have frustrated utilities and fuel suppliers.

Refusal to allow higher energy prices has kept utilities short of spare cash for investment while providing their consumers with no incentive whatsoever for energy saving. Solar energy especially has been politically promoted and generously supported as the "benign and renewable" resource which—like North Sea oil for Britain—would eventually be the energy saviour of the U.S. nation.

Nuclear exports

The optimists in the energy business in Washington today believe that when Mr. Carter finally gets to see the books he cannot fail to spot the flaws and the fallacies in the chaos that passes for U.S. energy policy at present. Britain and other industrial nations, whatever their state of their own plans for energy independence, must pray that the optimists are right, and that Mr. Carter will provide the enthusiastic political leadership in energy so woefully lacking to-day.

By optimists I don't mean simply the nuclear industry, where in fact many leaders are still profoundly gloomy about the immediate outlook, especially for nuclear exports and more advanced systems such as the fast breeder reactor. Westinghouse Electric, for example, although claiming to be still in the black this year on its nuclear operations—probably the only major U.S. nuclear vendor who can make the claim—is harassed by lawsuits following its spectacularly unsuccessful gamble on uranium futures. It still has the biggest backlog of reactor orders. But

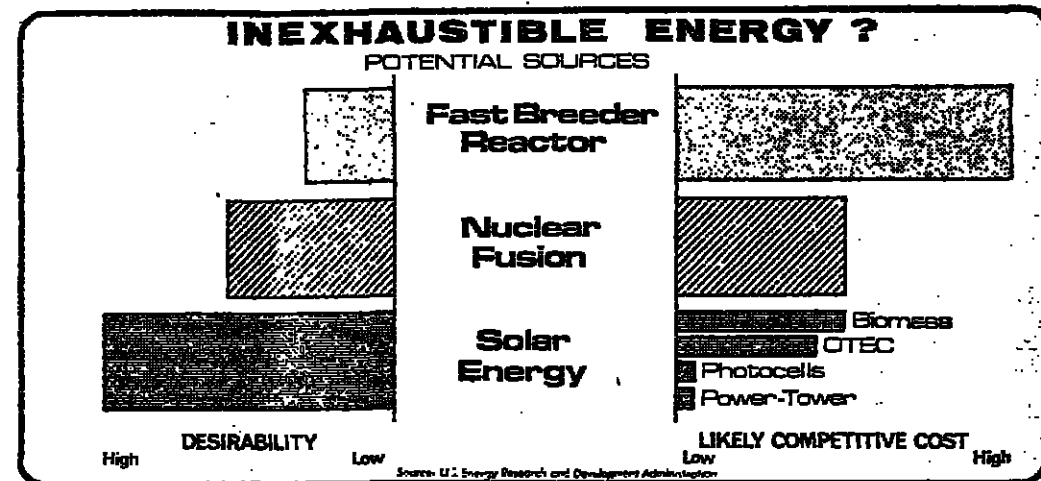
nowadays it is doing much less sub-contracting and is filling its own spare manufacturing capacity by fulfilling a brisk demand for utilities for spent-fuel storage racks—a consequence of government decision over the reprocessing of spent fuel.

By optimists I mean those who, from a more neutral perspective, have observed—often suffered—three years of desperate efforts by government to avoid the conclusion that, whereas until 1973 nuclear energy was an increasingly attractive but not indispensable energy option, thereafter it became a national necessity.

France, Germany, Spain and Japan all recognised this fact. The U.S. and Britain did not. Why it is a national necessity can be demonstrated by an examination of the two groups of technology which are most widely considered as alternatives to the nuclear option. They are solar energy and the conversion of coal into "synthetic"

Responsible for ERDA's solar, even asking questions about how good the \$1,000 per peak kW goal is, I came out with costs that are much higher." Similarly Dr. Hirsch has been scrutinising the spending on solar programme and has brought to light facts that will be most unpalatable to the solar buffs. At some personal risk to his career, he admits, before a "jury"—an expert committee appointed by the President.

Those facts, briefly, cause him to have grave doubts about the economics of the two solar technologies most favoured at present, namely the "power tower" and photo-electric cells, both strongly advocated as alternatives to nuclear electricity. The present goal of his "power tower" programme is a system costing about \$1,000 per kilowatt of electrical output. This implies, he says, that



An attempt to compare pros and cons of various potential new sources of energy.

or substitute fuels. First let us take solar energy, the "benign and renewable" resource so beloved of Congress and nuclear energy's opponents.

In 1970 the U.S. Government was spending about \$100,000 on solar energy. The budget for 1977 will be somewhere between \$160m. (the President's budget) and \$290m. (what Congress actually appropriated). The latter figure is about the same as the U.K.'s total energy R and D budget last year.

Solar energy enthusiasts in Europe point to this scale of spending, and to the fact that the U.S. Government is already investing in projects as big as a 10MW "power tower" to concentrate sunbeams. Then they claim that this proves that the Americans know they are on to something good. The facts, as I discovered at the Energy Research and Development Administration (ERDA), are somewhat different.

holds promise for Britain although less for the U.S. because its waves are less energetic—are still "technologically immature." Their prospects could be damaged, by pouring in too much cash at this scale, since not enough is yet known about them to understand where best to spend the money. Unfortunately, this is a rather sophisticated argument for politicians to accept. They tend to take the simplistic view that any research problem can be cracked if enough cash is allocated—a view for which they do not usually lack support among the less principled scientists.

Let us turn now to another technology, one where the economics look much more realistic, and the engineering is much further advanced. Under Project Independence ERDA was set the goal of producing 1m. barrels a day of synthetic fuels from coal, oil shale or waste by 1985. Yet it still has



Laboratory demonstration of a General Electric (U.S.) process for converting dirty, caking coal into a clean fuel for gas turbines.

to make a start on this mission. Last year, and again in September, Congress threw out ERDA's plans. Dr. Robert Seamans, ERDA's administrator (recruited from the space programme) and his staff have appeared before no fewer than 36 Congressional committees and sub-committees. "There is still no complete acceptance that the U.S. has an energy problem, much less what to do about it," he says.

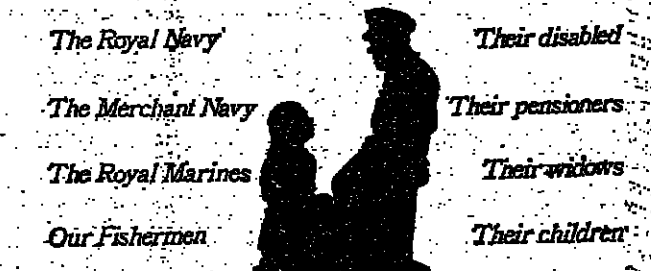
Dr. Seamans believes that the synthetic fuels project is sufficiently far advanced, technologically for the U.S. to set a realistic target of 8m. to 10m. barrels a day—the output of Saudi Arabia—by the year 2000. What ERDA wants to do is to help fund some large demonstration plants across the country. But these plans have aroused intense opposition—from the political right, which wants no state involvement in what they see as a private industry matter; from the left, which sees it as subsidising the hated oil companies; and from some oil majors, which resent ERDA's choice of some of their smaller rivals as partners in the new technologies.

As for solar energy, the U.S. Government is spending almost all of its money now least attractive. Those with best chance, apparently, of petting are "biomass" growing of crops rich in carbohydrates and ocean the energy conversion (OTEC) both of which are at a very early stage of investigation.

idea of harnessing the gradients in the sea), but which are at a very early stage of investigation by ERDA. In order to enjoy some "clean and pure" people be prepared to pay another 30 per cent in the electricity, believes Dr. Hirsch. But they will balk at an increase of 50 or 100 per cent—if there else has come out of three-year hiatus, one thing is getting across to the public is that the delays, false optimism about exceptions are going to cost dearly. He cites the California utility which plans to push the fact that it has been obliged to spend no less than \$1 on paperwork before its tractor could break ground its new nuclear station.

This—and the fact that U.S. states this year have polls and voted for the new option—is the kind of cold that makes the optimists believe that President Carter will get things moving again.

Dr. Hirsch seems to put his finger on the central problem. What he calls the "perceived desirability" of any technology always looks best when it is still conceptual, and worsens as more is learned about how to engineer it and its interaction with society. For him, solar



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MEN AND MATTERS

Chippindale back on his own

Sam Chippindale, the man who developed the covered shopping centre idea in Britain, is going back to work on his own. Yesterday's announcement that he is leaving the Board of Town and City Properties at the year end, remaining as a part-time consultant, is not the normal phasing-out of a 67-year-old. "I'm going back to what I was at the beginning, an agent, a consultant—even the resilient Chippindale does not use the word developer any more."

But he sticks to his belief that covered city centre shopping schemes will go on being built, withstanding the challenge of out-of-town superstores. City centre schemes have, he argues, a monopoly position. You can only have one big scheme per city whereas outside there is no guarantee against a rival opening close by. "Wait until the hypermarkets start competing with each other. It's happened in France. That will be when the fun starts."

Chippindale has been developing shops since 1945 when he set up with another Yorkshireman, Arnold Hargreaves. They called the company Arndale, and though it redeveloped many city centres, mainly in the north, in the 1950s and early 1960s, covered centres is what Arndale specialised in over the past decade, since the company was bought by Town and City Properties. There had been two earlier and pretty unsuccessful attempts to introduce covered centres to Britain—the Bull Ring in Birmingham and the Elephant and Castle scheme in London—before Chippindale brought home the ideas of American architects who had worked for him in Australia.

The ultimate Arndale is in Manchester, eventually to provide 1.1m. square feet of shopping over 15 acres. But though the opening of the first phase this autumn has mollified Manchester criticism of its design looking like "the longest lavatory wall in the world," financially the scheme has been in trouble.

Chippindale bought the first site there 25 years ago, but 1978 is now the date given for finishing the building contract.

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"It is always good to know that someone, somewhere, likes you!" says John Goodwin, managing director of Highland Distillers, who was understandably flattered to receive a letter from Italy addressed as shown above. Hate to think what the sender puts on letters containing final payment demands.



"So far all we've found is a load of ruddy poems!"

and the City Corporation, the Prudential Assurance, and Town and City Properties this year had to renegotiate the financing, taking the total to \$41m. Rents, they say, are more than beating building cost inflation, but it will be a struggle.

Chippindale will continue to work on Manchester and other Arndales now in the pipeline. But having once been worth \$51m. in Town and City shares, he is now a victim of his generosity in the good years to charities, family and the town of Otley (home of the Chippindales, including the famous furniture maker), and a victim of the fall in T and C's shares since 1973, when he was still buying. From a "high" of 170p, they are currently 5p. Being independent will, he says, give him a better chance of re-establishing his financial position.

Watch those flowery jokes

Another watch-repairer's notice: "Consult us when you have the time." And a florist's shop sign: "With friends like these, who needs anemones?"

Seasonal message . . .

This column's fondness for the historical is partly based on the

other way?

Christmas cards are a matter of taste, but there is something completely unappealing about one that has been passed to me. It is from a regional director of a national restaurant chain. The message on the front is: "There was no room for them at the inn," the biblical line going with a picture of a motor-car and people humping luggage outside a hotel.

That's one way of using a seasonal message; and inside the card declares: "A Merry Christmas and an Attacking New Year." No thank you.

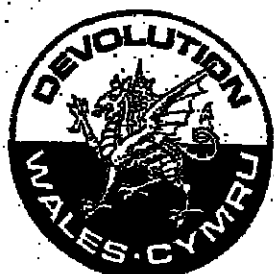
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Observer



Now that the principal is on the brink of something very much bigger, it suddenly finds itself deeply divided. A poll produced recently for the Western Mail, the Cardiff-based Thomson morning newspaper, and Harlech Television, showed that only 27 per cent of the voters were quite strongly in favour of the Labour Party or very strongly in favour of the elected Assembly while 40 per cent was equally strongly opposed to it. But since some of the opposition were among the 40 per cent because they thought the proposed Assembly would not be given enough power, it has been suggested that the vote in favour of the Assembly is around a third of the total.

The real gainer has been the Conservative Party, which now has eight MPs and took 23.9 per cent. of the vote at the last general election. The days when the Tory finished behind the Communist have gone and the party, with some justification, has high hopes of capitalising even further among the suburban semis.

Labour is badly divided. The party organisation, which approves a referendum, has supported devolution since 1963 and it was the Wilson Government that gave Wales a Secretary of State in the Cabinet the following year. But seven of its now depleted ranks of 23 MPs

Although in theory the most committed to devolution, Plaid Cymru, is also racked by dissension. In its case, the argument revolves not so much around the principle as on the extent of the devolved powers. Everyone in the party accepts the need for a Welsh parliament; many, however, do not think the proposed Assembly goes nearly far enough towards that goal and urge that in any referendum—which the party wants—they should vote against it.

On the other hand, Cymru there is little concern about the different range of powers accorded to Wales compared with Scotland. It is conceded that Scotland has always had different legal and educational systems; that the discovery of oil in the North Sea gives a different dimension to its economic problems. 'What Scotland gets is irrelevant to what we need in Wales,' says Mr. George Wright, secretary of the Welsh TUC. 'The problems of each country should be looked at separately.'

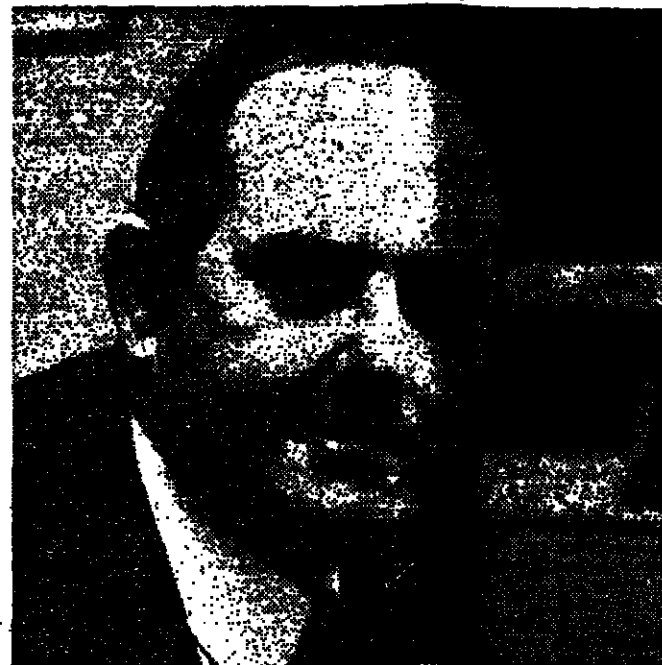
The CBI and the TUC meet on common ground over the need to reorganise local government. The reorganisation introduced by Mr. Peter Walker in 1973 is considered little short of disastrous. If an Assembly

"As government grows, you need to look for a countervailing political power if you are not to destroy democracy. And if one is to play a full part in Europe, then you need more, not less, regionalism. If you do not involve the people on the spot more, you will have a bureaucratic machine that will subject the individual to distant powers.

"It is easy to relate this to Europe. But it also applies to large corporations. The nature of a large corporation tends to

Everything would then depend on the strength of the anti-vote. Could you introduce a fundamental change in the constitution in Wales if, say, 40 per cent. of those voting did not want it? Britain went into the Common Market with a third voting against. That is the only analogy that can be drawn.

A mixed welcome in the vales



Sir Melvyn Rosser, chairman of the Welsh Council and a committed protagonist of devolution.

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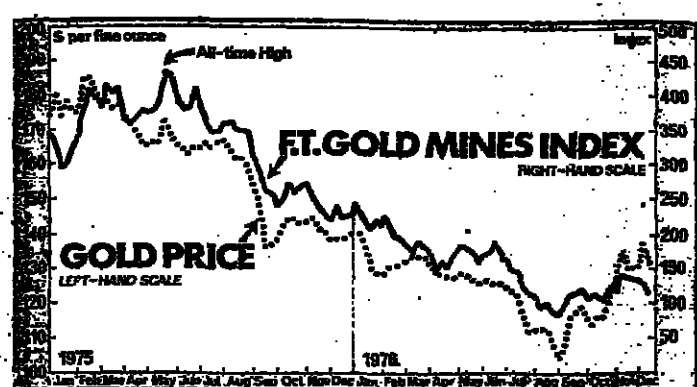
MINING NEWS

Rand Selection looks ahead

BY KENNETH MARSTON, MINING EDITOR

THE SIGNS are, says Mr. Gavin Suckett, that the world is not yet ready to part with its gold. As chairman of the Anglo American group's Rand Selection Corporation, which obtained 55 per cent of its income in the year to September 30 from gold and uranium, he is talking of gold. And he adds that while there is likely to be a limit to any upward move in the metal price in the near term, more confident outlook is now justified.

Mr. Suckett points out that Rand Selection's fortunes are closely tied to South Africa as a whole and that it is "essential that wider and more forward looking policies should manifest themselves to restore the faith of both local and foreign investors in the potential of South Africa as the economy can advance again." The group's other main sources of investment income in the past year were: Industrials 20 per cent; diamonds 11 per cent; and uranium 3 per cent. Gross assets in September 30 totalled £1,250m. (\$81m.) while the ordinary shareholders' equity on November 30 was valued at 1,477 cents (\$10.18) per share. The latter were 95p in London yesterday.



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AUSTRALIAN GOLD MINERS HOPEFUL

The net devaluation of the Australian dollar may provide the impetus for a partial recovery in the Australian gold mining industry. This muted statement of optimism has come from the chairman of the Australian Gold Miners' Association, Mr. R. C. Buckett.

But Mr. Buckett is cautious in his predictions because he fears that although the devaluation might increase revenue, the gains could be quickly eroded by increases in costs.

He was speaking at the Association's annual meeting and his comments reflect the general feeling in the Australian mining industry about the devaluation of the Australian dollar. It is acknowledged that the industry has a breathing space, but that many of its members are still in a state of uncertainty.

Charter's tin setback

A CLOUD over Malaysia's deteriorating economic situation has been reported by the news, reported in Saturday's Financial Times.

RECENT ISSUES

EQUITIES

Stock	1976	1975
High	Low	
F.P.	22 1/4	22 1/4

FIXED INTEREST STOCKS

Stock	1976	1975
High	Low	
F.P.	7 1/2	7 1/2

"RIGHTS" OFFERS

Stock	1976	1975
High	Low	
F.P.	7 1/2	7 1/2

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BP considers mining link with RTZ

A BRITISH PETROLEUM spokesman in London has confirmed that the group has established a new division to investigate the possibility of starting mineral production. He said that BP envisaged joint ventures with established mining houses and that Rio Tinto-Zinc is a possible partner.

BP's move is in line with the general trend of groups moving into the extractive industries and complements the group's existing involvement with coal production.

Although the BP spokesman said that the new division would investigate any opportunities that may arise, the specific mention of RTZ adds substance to rumours of a joint venture, which have been circulating in the Stock Exchange over the past week.

It now seems clear that the joint venture will not be of the type which will have any short-term impact on the market performance of either BP or RTZ. Rather the link between the two groups is related to the next generation of mineral production. RTZ has a 20 per cent stake in a consortium led by British Copper of the U.S. This consortium was established in 1974 to develop systems of exploiting the mineral wealth of the ocean bed. An announcement is expected later this week spelling out the details of a purchase by BP of a part of RTZ's stake in this consortium.

Yesterday RTZ were up 3p at 175p and BP were 76p.

KEATS WINS AT WESTRALIAN

The boardroom struggle at the Australian minerals producer, Westralian Sands, has resulted in at least a provisional victory for the chairman, Mr. Arthur Keats, and the directors who support him.

Mr. Keats, who was elected chairman at a meeting of the Board on November 18, has been successful in securing the support of the majority of the Board members.

A poll taken at the annual general meeting three days ago and since counted by the auditors, Coopers and Lybrand, resulted in only one new director being appointed, thus confirming in place the majority of the existing Board.

But our Perth correspondent reports that the new director, Mr. Ken Court, was nominated by Mr. Keats, and that deep divisions remain among the Board members.

Mr. Keats, himself a former journalist, said it was necessary to protect the company's interests otherwise it would be in a state of chaos.

He implied that the agreement reached by Charter and Transcon, with a joint 45 per cent interest, and Malaysia's former Chief Minister, Datuk Harun Idris, and Tahir Rahim, the general manager of SEDC, was valid as it had not been brought to the State cabinet or to the SEDC board of directors.

Charter does not see things this way. Having spent in good faith some \$400,000 on preliminary feasibility study the group feels at least entitled to reimbursement from Selangor for this work. It is a very disheartening development, especially in the efforts Malaysia has made to encourage British capital, such as the Petras-London Tin deal.

One can only hope that Malaysia's Federal Government will not allow the goodwill that has been built up between investors in the two countries to be prejudiced by the reported attitude of Selangor. Charter were 127p yesterday.

SOUTHERN KINTA COMES OUT WELL

Despite the enforced suspension of its operations in Thailand, the London Tin group's Southern Kinta has achieved a net profit for the half year to September 30 of £348,000 compared with £222,000 in the same period of last year and the total for the 12 months to last March of £338,372.

Tin concentrate sales in the latest half-year fell to 706 tonnes from 950 tonnes a year ago, but the price received rose to \$11.174 per picul (\$1,567) per tonne against \$10.990 (\$2,994 per tonne). Furthermore, there was a special credit on the latest occasion of £200,000 surplus on buffer stock.

Similarly, Kamunting has done better thanks to a higher metal price and a buffer stock surplus. As a result the half-year net profit comes out at £36,500 compared with nil in the same period of last year and the 1975-76 total of £164,502. Southern Kinta were 75p and Kamunting were 34p yesterday.

WHIM CREEK

A feature of mining sharemarkets yesterday was the jump of 35p to 105p in shares of Whim Creek, a member of the Canadian Irish group. Market talk was that the buying had been inspired by the group's exploration progress at its silver-lead-zinc prospect at Carrick in the southern part of the Isle of Man, near Castletown.

However, our correspondent's enquiries of the geological testing of the find is still being carried out and that the drilling programme is not expected to start until early in the New Year. Shares of Northgate eased 10p to 38p.

Hanson Trust optimistic

Mr. James Hanson, the chairman of Hanson Trust, says in his annual statement that despite the problems besetting Sterling the Board believes firmly in the long-term prosperity of the U.K. There are good opportunities here and on the Continent which the Board is constantly investigating and assessing.

The Board has every intention of increasing investment and growth in the U.K. in profit and sales terms, although the U.S. element has outstripped the U.S. and will produce over 60 per cent of profits in forthcoming year.

"We have an enviable record of growth in assets and earnings per share and we intend to work hard to maintain this record. Early indications are that the 1977 prospects for Hanson Trust are excellent," he declares.

The company is looking very seriously in Europe, members are told, it had changed its mind about an acquisition in Europe in 1972, but was now having another look. It also has "a lot more to do in America."

See Lex

Progress by London Shop Property

Sir Cyril Black, chairman of London Shop Property Trust, told the annual meeting that during the period May 1 to November 30, 1976, the company's house-building subsidiary, Trend, had effected sales of 71 houses and the programme of building was continuing on normal lines.

"In addition, there had been complete, or arranged, sales of other properties for which the considerations amounted to £266,750. This compared with the 1972 valuations or subsequent cost of £210,000, which confirms my view that our properties are fully worth, in the aggregate, the figures at which they stand in the balance sheet."

Sir Cyril also told shareholders that debt was being steadily reduced and that in the foreseeable future he anticipated no circumstances which would require the transfer of further funds to the companies in the dollar area.

£1m. for St. Kitts' stake lowers shares

Market hopes for generous nationalisation terms for St. Kitts (London) Sugar Factory's stake in St. Kitts (Basse Terre) by received on 300,000 shares.

the government of St. Christopher Nevis Anguilla were dashed yesterday with the news that the consideration is £1m, almost one half book value.

The money is payable in instalments over the next five years, the last on December 17, 1980, with interest at 6 per cent on the outstanding balance. After St. Kitts tax and pension liabilities, the proceeds due to St. Kitts (London) for its 51 per cent stake is estimated at \$850,000 or 11p a share. The book value of the nationalised interest in full at October 1975 was £1.58m.

Yesterday St. Kitts (London) shares dropped 17p to 143p after touching 130p.

Celestion surges to £247,500

SALES CLIMBED from £3.22m. to £5.04m. and taxable profit more than doubled from a depressed £109,400 to £247,500 for sound reproduction equipment and clothing manufacturers and distributors Celestion Industries for the half year to October 1, 1976.

The midway results confirm their earlier forecast that the profit for 1976-77 should exceed the £256,806 for the previous year, say the directors.

Earnings per 5p share improved during the six months to 0.6p (0.56p).

For the year ended July 31, 1976, Delson, Delson and Nut makers and distributors, Delson, has turned in pre-tax profits of £130,349 on turnover of £1,200,000, compared with £239,595 and £52,200, respectively.

First half profits had dropped sharply from £220,300 to £55,143 and the directors said that they did not expect to produce a profit much in excess of £120,000 pre-tax for the year.

Earnings per 10p share are 2.5p. The net dividend is held at 1.507p—waivers have been received on 300,000 shares.

Illingworth Morris £0.66m in front at midway

AN UPSURGE of £0.66m. in pre-tax profits is reported by Illingworth Morris and Co. for the six months to September 30, 1976. The figure for the period is £1.44m, already £0.6m. in advance of the total for the last full year.

The directors say that there has been a considerable improvement in overseas trading and order books show a healthier position.

Results for the full year should show a "significant" improvement over the last full year, they add.

An interim dividend of 0.56p (same) net was paid on October 6 and it is the directors' intention to pay a second interim of 0.286p (same). Total distribution should not be dissimilar to the 1.07p paid last year, the directors forecast.

The company manufactures wool and cotton textiles.

Hardys & Hansons tops £1.5m.

TURNOVER OF brewers, etc., Hardys and Hansons rose from £6.7m. to £22.2m. for the year to October 1, 1976 and pre-tax profits advanced from £1,206,501 to £1,504,475 after £0.63m. against £0.54m. for the first half.

Full year earnings are shown to be up from 11.82p to 13.887p per 25p share before extraordinary items and the dividend total is lifted from 5.5p to 6.4p net with a final of 4.6p. The Board is of the opinion that the company is close.

Tax takes £802,581 (£587,961) while a net surplus on sales of fixed assets adds £114,830.

The directors state that, profits have been maintained at a higher level than is normally the case in the second half. Investment in new processes and techniques is making a significant contribution to group profits.

The company has acquired a controlling interest in a 27 per cent share in a company manufacturing and litho company with in-plant printing facilities. Consideration for the 65 per cent. Interest of Gainsborough Press is £18,863.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interim or final and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY
Interim—like TV, Bell and Stone, Catalin, Cooper Industries, Electric and General Investments, Equity Consort Investment Trust, Alexander Russell, Finslay—Barrington Investments, Charter Trust and Agency, Granada, Land and House Property.

FUTURE DATES
Interim—Associated Tooling Industries Dec. 29
London Atlantic Investment Trust Jan. 29
Paternus (R.) Dec. 22
wpi Dec. 22
Final—Glasgow Stockholders Trust Feb. 4
Imperial Group Feb. 3
Trident Television Jan. 18

Chesterfield Props. up halftime

TAXABLE PROFIT of £513,000 is disclosed by Chesterfield Properties for the first half of 1976. This compares with £388,000 in the previous comparable period (excluding overseas results).

Profit is struck after associate losses of £90,000 (nil). As a result of sales and lettings since June 30 associate losses will be at a significantly lower rate in the second six months and the directors anticipate that the companies concerned will trade profitably in 1977.

The result takes no account of realised capital profits of about £2m. after tax including a substantial contribution from associates.

Turnover for the six months to October 1, 1976, was £1,248,106, compared with £1,000,000 for the same period in 1975.

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during the six months of £194,000 on properties held for, or in the course of, development have been capitalised.

£0.15m. for Dent Fownes

Glove manufacturers and warehousemen, Dent Fownes announces turnover of £541,280 and pre-tax profit of £154,973 for the half year to July 19, 1976. For the previous 12 months the figures were £2,523,137 and £288,012 respectively.

Earnings per 20p share for the six months are 1.75p against 4.81p—a dividend of 0.6p net has already been announced, compared with 1.54p in the previous year. The year-end has been changed to July 19.

Turnover for the six months to July 19, 1976, was £541,280, compared with £2,523,137 for the same period in 1975.

The company, controlled by Anglo-African Finance Co. has acquired the Textile Investment Company subsidiary, Elzington and Dewhurst, which made a pre-tax profit of £513,556 in the 55 weeks to July 19, 1976, compared with a forecast of £490,000. For the 12 months to June 28, 1975 the figure was £1,058,655.

Stated earnings per 20p share are 5.07p for the 55 weeks, against 1.73p—a 0.66p net dividend has already been announced, compared with 0.6p in the previous year. The year-end has also been changed to July 19.

Highton and Dewhurst makes non-woven fabrics and is engaged in printing, finishing and converting synthetic and cotton fabrics.

Turnover for the six months to July 19, 1976, was £541,280, compared with £2,523,137 for the same period in 1975.

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RUDDS WOUND-UP

Rudds, of Southampton, one of the biggest Volvo car distributors on the South of England, has been compulsorily wound up in the High Court.

Mr. Justice Slade made the winding-up order on a petition by Industrial Bank of Scotland, a creditor claiming £52,853. Rudds, was not represented at the hearing.



CANADIAN IMPERIAL BANK OF COMMERCE

CONDENSED STATEMENT OF ASSETS AND LIABILITIES

as at October 31, 1976

	1976	1975
ASSETS		
Cash resources	\$ 5,516,135,730	\$ 4,769,445,477
Government and other securities	2,711,762,541	2,539,166,191
Loans, including mortgages	16,354,822,547	13,488,453,883
Customers' liability under acceptances, guarantees and letters of credit, as per contra	984,741,410	1,018,137,974
Bank premises	262,735,529	232,385,115
Other assets	273,845,112	211,484,589
	\$26,104,042,869	\$22,259,053,229
LIABILITIES		
Deposits	\$23,867,586,969	\$20,146,033,760
Acceptances, guarantees and letters of credit	984,741,410	1,018,137,974
Other liabilities	85,849,778	89,857,625
Reserves	301,362,718	258,825,124
Debitures	225,000,000	175,000,000
Capital, Reserves and undivided profits	639,501,994	573,198,746
	\$26,104,042,869	\$22,259,053,229

STATEMENT OF REVENUE, EXPENSES AND UNDIVIDED PROFITS

for the financial year ended October 31, 1976

	1976	1975
REVENUE		
Income from loans	\$ 1,838,009,471	\$ 1,551,291,504
Income from securities	205,881,893	183,552,658
Other operating revenue	163,857,077	144,451,134
Total revenue	2,207,728,441	1,879,295,296
EXPENSES		
Interest on deposits and bank debentures	1,331,899,961	1,110,768,044
Salaries, pension contributions and other staff benefits	359,639,031	301,595,695
Property expenses	88,246,002	74,637,472
Other operating expenses, including provision for loan losses	154,044,999	129,851,225
Total expenses	1,933,829,993	1,616,852,436
Balance of revenue	273,898,448	262,442,860
Provision for income taxes	128,000,000	128,500,000
BALANCE OF REVENUE AFTER PROVISION FOR INCOME TAXES	145,898,448	133,942,860
Transfer to reserves	35,000,000	40,000,000
Balance of profits for the year	110,898,448	93,942,860
Dividends	44,595,200	41,111,200
Amount carried forward	66,303,248	52,831,660
Undivided profits at beginning of year	3,518,748	687,086
	69,821,994	53,518,746
Transferred to Reserves	65,000,000	50,000,000
Undivided profits at end of year	\$ 4,821,994	\$ 3,518,746

STATEMENT OF REST ACCOUNT

for the financial year ended October 31, 1976

	1976	1975
Balance at beginning of year	\$ 500,000,000	\$ 450,000,000
Transfer from undivided profits	65,000,000	50,000,000
Balance at end of year	\$ 565,000,000	\$ 500,000,000

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President and Chief Operating OfficerR. Donald Fullerton
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Keyser Ullmann deficit after £6m. provisions

AFTER exceptional provision for bad and doubtful debts and other provisions amounting to £6m., and exchange rate adjustments on existing provisions of £0.7m., merchant bankers Keyser Ullmann Holdings incurred a pre-tax loss of £6.5m. in the half year to September 30, 1976 compared with profits of £472,000 for the last first half and a loss of £3.1m. for the year to March 1976.

There has been some reluctance on the part of prospective tenants to enter into new commitments while the present uncertainties remain, say the directors, and purchasers are looking for higher yields on the properties they acquire.

This is a situation which cannot be ignored, although the Board hopes it will not last for long. The Board has therefore decided to make a further provision of £6m. this half year. The operating profit of £0.5m. (£1.2m.) includes a loss of £0.7m. (loss £400,000) of the Distribution Group brought into account in the half year 1976 of the provisions already made to meet financing costs—leaving £2m. in hand. By March sales and lettings were in hand will be completed, in increase annual income by over £1.3m. The directors also hope by that time to reduce the Distribution trading loss and a reduction in interest rates would help the position still further.

European interests continued to do well and the group's sales bank is heading for a record year, it is stated.

There is a reasonable prospect that during the next year the group's realisation activities, together with the economies which have been put in hand, and the further development of the general banking business, will enable the group to achieve a current trading profit without any recourse to the financing provisions which have helped it during the last eighteen months, members are told.

At the subsidiary Heerott Trust turnover for the six months was £1.35m. (£1.47m.) and group loss of non-banking interests was £152,000 (loss £30,000) before tax recoverable of £1,000 (nil). The loss attributed to the banking associate was £2,265 (profit £445,000) and the attributable loss was £2.46m. (loss £1.3m.) after extraordinary debits of £36,000 (£13.1m.) and minorities. See Lex

Allied Inv. £0.31m. at midway

COMPARED with a forecast of not less than £270,000, pre-tax profits of Allied Investments was £309,000 for the half year to October 31, 1976, compared with £70,000 in the previous comparable period.

Turnover up from £1.74m. to £3.16m. reflects two major contracts for management of hospitals in the United Arab Emirates and the acquisition of Caterers Buying Association.

Since the balance sheet date the liquidity position has improved considerably and the group is now well poised to take advantage of further expansion opportunities and to develop the existing business to its full potential, say the directors.

The net interim dividend is raised from 0.2000p to 0.220009p—last year's total was 0.68254 and profits £19,451, a record.

Scottish Inv. Trust

Following the merger with The Second Scottish Investment Trust Co., which gives a total assets figure of £92.4m., the directors of Scottish Investment Trust Co. intend to continue the previous investment policy and believe that the objectives of soundly based capital growth and of consistent improvement in income can be pursued hand in hand.

As reported on November 26, pre-tax revenue rose from £1.14m. to £1.25m. in the year to October 31, 1976 and the dividend is 2.65p (same).

Franked investment income rose by 15.9 per cent. to £0.85m. The increase derived partly from higher dividends and partly from the receipt of a full year's income from stocks bought in 1975 out of money previously held on short term deposit. The total of unfranked income was little changed, but there was some change in the composition, with a fall in short-term deposit interest being offset by higher overseas dividends, which were also increased in sterling terms by the falling pound.

During the year there has been considerable comment about the high level of discount at which investment trust share prices have stood in relation to underlying asset values, states the chairman, Mr. Angus Grossart. It is clear that some part of that discount can be attributed to costs which might arise on a break-up, such as capital gains tax, dollar premium surrender and costs of realisation, but there remains a large part of the discount and it is suggested that this reflects some measure of rating of investment performance.

The directors do not think that this conclusion is justified and there is evidence that the relative discount in different trusts can move up or down without direct regard to individual investment performance. It is also clear that over most periods of time the investment trust sector has been satisfactory, he adds.

First half loss at Toothill

The six months to September 30, 1976, at furniture manufacturers, R. W. Toothill, sees sales £0.3m. adrift at £1.37m. and a sharp downturn from a profit of £177,892 to a pre-tax loss of £89,571.

However, the directors say that they are confident that steady progress is being made towards a more normal production flow and that losses will be eliminated by the end of the full year. Profit for the whole of last year totalled £208,888.

Loss per 25p share is 4.78p (earnings 12.2p) for the half-year and there is no interim dividend against 1.25125p. Last year's final was 2.5775p. The half-yearly pre-tax loss is struck after depreciation, etc., of £39,928. There is a tax credit of £36,229 (charge £92,488), leaving a loss of £33,442 (profit £85,574).

BIDS AND DEALS

Elbar purchase from Anglo Thai

Elbar Industrial is to buy John Fry (Holdings) from the Anglo-Thai Corporation for £1.1m. in cash and is to take over a £300,000 loan from the parent company. The acquisition is conditional on Elbar shareholders approving the sale of 157,000 shares, part of its 900,000 holding, in Tanganyika Concessions which itself holds 46.7 per cent. of Elbar.

In September Elbar shareholders turned down a scheme whereby Tanganyika Concessions would have acquired the outstanding balance in Elbar at 205p a share in cash and the cross-holdings cancelled.

The current acquisition is to be financed partly by a one-for-three rights issue at 100p, against 155p in the market, to raise £212,225 before expenses.

For 1976, Elbar is forecasting pre-tax profits of at least £900,000 before extraordinary items, of which the sale of its Tanganyika holding.

The new shares will not rank for the final dividend of 3.4678p but Elbar proposes to pay a total dividend of 8p net (12.5p gross) for 1977 in increase of 15 per cent. for which Treasury approval has been granted.

Tanganyika has agreed to subscribe to the new Elbar shares in respect of its own holding and the balance has been underwritten by Kleinwort Benson, brokers to the issue are Cohen De Saint Greener Dreyfus.

Elbar intends to raise a further £336,000 by the sale of part of its Tanganyika holding for 150p in cash to Societe Generale de Belgique which already has a stake of 21 per cent. in Tanganyika, taking its stake to 24 per cent.

Finally the Board of Elbar has arranged a three year unsecured loan of up to £1m., guaranteed by Tanganyika Concessions.

The offer, which is recommended by the directors of Bristol Plant and their advisers, Antony Gibbs, closes on January 31.

INJECTION FOR QUEENSWAY DISCOUNT

An important first step towards a public share quotation has been taken by Queensway Discount Warehouses, the Norwich furniture and carpet discount operation.

County Bank and ICFI have each acquired nearly 15 per cent. of Queensway equity from existing shareholders and have, in addition, agreed to provide medium term loan facilities to the group totalling £1m.

The shares of Queensway, which generates sales of £20m. from 30 out-of-town warehouses and 800 employees, have previously been closely held by the interests of Mr. Gerry Parish, chairman. Under the present acquisition, 43p on behalf of discretionary shareholders in relation to their holdings, Mr. Parish's interests will fall from 70 per cent. to around 50 per cent.

Mr. J. M. Murphy, managing director of Queensway, said yesterday that the new loan facilities would be used in opening new branches and redecoration.

Queensway has been exploring the possibility of a quotation, either on the over the counter market or on the stock exchanges for some time. Mr. Murphy said yesterday, however, that under the present market and economic circumstances a full quotation was unlikely for at least two years.

ASSOCIATES DEALS

On December 17, Joseph Selig and Co. bought 50,000 London City and Westcliffe Properties Ordinary at 22p (early bargain) and 750,000 at 22p on behalf of Lombar.

Noble Grossart announces that its client, Euron Corporation, purchased 10,000 Ingersoll Ordinary shares at 40p.

Capel-Cure Myers bought 2,500 and 5,000 Dundford and Elliott at 43p on behalf of discretionary investment clients.

De Zoete and Bevan, brokers to Head Wrightson and Co., bought 2,000 Davy International at 136p on behalf of an associate of Head.

LCW says 'yes' to Lombar

Executive directors of London City and Westcliffe Properties, who had opposed the price of 22p at which Lombar is bidding, yesterday formally acknowledged defeat with a letter to shareholders recommending the offer. Lombar has announced ownership of over half both the Ordinary and Preference shares.

The letter states that "the executive directors remain convinced that the long term potential of LC and W justifies a higher price than the Lombar offers. However, in the present circumstances they also have to take into account the potential difficulties of shareholders who retain shares in a subsidiary of a public company."

The executive directors therefore recommend acceptance to holders of both Ordinary and Preference shares and will be accepted in respect of their own beneficial holdings of 436,164 unrestricted Ordinary shares.

GOLDEN HOPE

Kien Huat Realty Sdn. Bhd. with associates bought on Friday 31,058 Golden Hope Plantations shares at 57p and 40,322 at 74p. These are in addition to 10,7m. held (21 per cent.) which included purchases up to December 14.

W. CANNING W. Canning's wholly-owned Australian subsidiary has bought 2,201,375 shares.

SHARE STAKES

United Kingdom Temper and General Provident Institution following the purchase of further block of shares in Low Electrical and General Trust December 14, now owns 1,422 Ordinary shares (11.31 per cent.).

Empire Plantations and Investments, as a result of the preference conversion, now holds 1,230,500 Single Holdings Ordinary shares (23.51 per cent.).

S. W. Wood Group has 3,057,000 Concentric Ordinary shares (18.33 per cent.) following the acquisition of a further 5 shares.

James Finlay and Co. has exercised the option to purchase 1,230,500 Single Holdings Ordinary shares and now holds 2,519,519 Ashburton Co. shares.

Silverthorne Group-Union International has purchased 5 Ordinary shares and now holds 2,201,375 shares.

All of these Securities have been sold. This announcement appears as a matter of record only.

\$40,000,000

Skandinaviska Enskilda Banken

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(Subordinated to deposits and other liabilities)

Principal, premium, if any, and interest payable in United States dollars in New York City or in certain cities outside the United States without deduction for or on account of Swedish withholding taxes, all as set forth in the Offering Circular. Interest is payable annually on December 1, commencing in 1977.

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INTERNATIONAL FINANCIAL AND COMPANY NEWS

Uddeholm outlines its strategy for recovery

BY WILLIAM DULLFORCE

STOCKHOLM, Dec. 20.

SECOND Swedish steel and metal products conglomerate, Uddeholm, anticipating a heavier loss than forecast for 1978, has now published plans for retrenchment and recovery.

Last week Stora Kopparberg, having reported a loss of Kr1,530m, or the first eight months, described how it would pare down its steel operations to release Kr500m in working capital.

In the latest issue of Uddeholm's internal magazine, Mr. Gunnar Wessman, the managing-director, reveals a pre-tax loss of Kr1,800m (225.5m) on sales of Kr1,740m (225.0m) for the first six months and anticipates a loss of Kr2,200m for the year as a whole.

After taking into account a state stock subsidy of Kr19m, Uddeholm's loss will come out at around Kr1,780m. Mr. Wessman points out that Uddeholm needs earnings of Kr280m, to achieve a 10 per cent. return on capital employed.

The plan for recovery envisages a reduction of 1,100 in the number of jobs, a revision of concentration of the product range, an internal restructuring and a profitability drive with ad union support.

The group had hoped to improve earnings in the second half of the year, but a first half loss of Kr56m. Instead, the expected improvement in demand and the cost of the investments rose to Kr770m, and there was a negative cash flow of Kr180m.

Stocks have grown by Kr300m over the past two years to Kr1,480m, and are now costing some Kr200m, to finance. Mr. Wessman warns Uddeholm employees that these stocks have to be reduced during 1977 to release cash and that, if sales do not pick up, there will have to be production cuts.

For the first time, too, Uddeholm provides a breakdown of earnings by product division. It shows that the 1976 losses will stem chiefly from the pulp and paper mills (minus Kr84m), the steel plate division (minus Kr88m), steel bars (minus Kr34m), and steel tubes (minus Kr30m). The only profitable divisions will be power (Kr49m), timber (Kr45m), chemicals (Kr16m), and the foundry (Kr6m).

Over the last five years Uddeholm's steel operations, capitalised at Kr1,500m, have lost Kr36m, a year on average. The forestry product divisions with a combined capital of Kr650m, have averaged a Kr5m profit over the same period.

To illustrate the pressure on the group's financial resources, Mr. Wessman points out that when in 1974 it drew up investment plans of Kr510m, for the next two years, it calculated on the basis of Kr240m from internal sources and the rest from borrowing. As matters turned out, the cost of the investments rose to Kr770m, and there was a negative cash flow of Kr180m.

The managing-director's analysis singles out the decline in Uddeholm's competitive position as much as the falling demand for its products. Over the last two years its prices have risen some 15-20 per cent. more than the world market averages. A major factor in this development has been the 40 per cent. increase in Swedish unit labour costs.

Mr. Wessman comments, "we cannot afford to lose a single profitable order in 1977 and we must win those orders on competitive terms." A new 110,000-tonne paper board mill is due to start up next July and the Uddeholm magazine underlines the need to get a quick return on the Kr425m investment by winning quickly a share of the market.

"Project 150" is the name given to the management's internal recovery programme because it aims at raising the profit level by Kr150m a year in current prices. It anticipates earnings improvement of Kr30-90m, next year and Kr125m in 1978. The measures are expected to release some Kr280m in capital over these two years.

Among the external restructuring steps already initiated are the purchase of Stora Kopparberg's special steel operation (which will entail the closing down of one works), negotiations with SKF on joint production of steel strip and talks with Gränges on product swap arrangements in heavy and stainless steels.

SKF cuts investment rate in 3-year plan

By William Dullforce

STOCKHOLM, Dec. 20.

SKF the Swedish bearings, steel and machine tools group, plans to start new investment projects costing Kr525m (67.6m) next year, it was announced in Gothenburg today.

The investments cover roughly a three-year period and represent a decline in the SKF investment rate compared with the Kr630m in new projects approved by the parent company Board a year ago.

The major new investments, all of which concern bearings, will be in the U.S., West Germany and Italy. In the U.S. Kr147m will be spent on a capacity increase at SKF Industries and cost saving projects for taper, spherical and cylindrical roller bearings.

SKF's acquisition of McQuay Norris, the automotive component manufacturer, is still awaiting Federal approval. SKF Kugellagerfabriken in West Germany will spend Kr117m on improving ball and roller bearing production facilities and expanding forging capacity. Most of the Kr70m investment in SKF-Italy will go to capacity increases, quality improvement and cost savings.

SKF also includes Kr27m for new investment in Britain. Methods of finance have not been fixed but have been left to the decision of the local Boards.

Total capital spending budgeted for next year is Kr670m, which compares with an estimated Kr624m spent this year and Kr655m in 1975. The largest expenditure during 1977 will be Kr182m, previously approved for SKF steel to complete its new bar and wire rod mill at Hällefors and the steel works at Hofors.

Conti: Gummi expects to break even

HANOVER, Dec. 20.

CONTINENTAL Gummi-Werke should break even in 1978 after its Dfl35m net profit last year, despite an 8 per cent. turnover increase on last year's Dfl137m. Mr. Carl Hahn, managing Board chairman, said today.

The company appears hardly likely to have an operating profit this year because profits since September cannot compensate for operating losses in the first eight months, he added. (In 1975 the parent company reported a Dfl8m operating profit after a Dfl16m loss in 1974.)

A company spokesman said the earnings position this year means Continental will again pass its dividend. Its last payout was Dfl5 in 1971. Hahn, who last April said he hoped Continental would make a double-figure operating profit for 1976, said the company underestimated the heavy pressure on tyre prices for this year.

The company estimates last month's recall of about 100,000 possibly defective steel-braced tyres cost Dfl4m. Continental has made considerable progress towards improving its operations, especially on the technical side, and hopes for a return to operating profit for all 1977.

Reuters

AKZO bid rejected
THE French Government has rejected a bid by AKZO Pharma to acquire a controlling interest in Societe Recherche et Expansion Therapeutique Internationale (RETI), a French pharmaceutical concern, AP-DJ reports from Paris.

AKZO Pharma is a unit of the AKZO group of the Netherlands. Officials said the Government is trying to find a French solution to RETI's problems.

Bourse reports said that AKZO was planning to bid for all of RETI's capital by offering to purchase its shares at Frs100 each. RETI shares were last quoted at Frs73.

AMERICAN NEWS

Fed. sanction for bank purchase

WASHINGTON, Dec. 20.

THE U.S. Federal Reserve Board sanctioned the acquisition of the long-troubled Bank of the Commonwealth by First Arabian Corp. in an effort to prop up the Bank's financial resources, reports AP-DJ.

First Arabian, a Paris-based holding company with investments primarily in various overseas concerns, is controlled by several mid-east business partners. These include Saudi Arabian businessman Ghazi R. Al-Ramadhan, who currently holds a controlling interest in the Detroit bank. The bank is the sixth largest in Michigan with deposits of about \$640m.

In essence, the Fed. approval of the acquisition provides the Bank Regulatory Agency's clearance of a previously announced recapitalisation plan for the Bank of the Commonwealth. That plan is expected to be approved on Monday by Bank shareholders, the Fed. said.

First Arabian will make up to a \$10m infusion of equity capital into the bank once the recapitalisation plan is completed.

In addition, the Federal Deposit Insurance Corp. has said it will extend, by at least five years, an existing \$35.5m loan to the bank. The loan, made in 1972, had been scheduled to expire next April.

Uniroyal operates from leaner base

A YEAR-END statement from President Beretta, chairman and managing director of Uniroyal Inc., said that operating Moroccan units reports AP-DJ. Uniroyal will be better positioned in 1977 to capitalise on the 5 per cent. real growth projected for the U.S. as well as the 9 per cent. rise anticipated for sales of rubber and plastic products, reports AP-DJ from New York.

In spite of the United Rubber Workers 140-day work stoppage in 1976, Uniroyal was able to continue operations without the loss of a major customer, Mr. Beretta noted.

He said the draw-down of significant amounts of inventories during the year also had beneficial side effects—permitting a better balance with operations. Uniroyal was also able to raise productivity and capacity in some plants, he added. This was accomplished during the current programme of cutting back manpower and marginal facilities from the 1974-75 base.

It said the Board also authorised the purchase of up to 15,000 outstanding shares of its common stock over the next few weeks to be used for incentive awards under its incentive compensation plan.

Esso sells off
ESSO AFRICA INC. said yesterday that it has completed negotiations for the sale of its 25 per cent. interest in Esso Africa, a part of Exxon Corp.

The two companies being sold are Esso Standard Maroc SA and Esso Gaz Maroc SA. The purchase is being made by Societe Nationale des Produits Petroliers (SNPP), a Moroccan State-owned company.

Esso Africa didn't disclose the sale price of the two companies. It said the sale was in response to the Moroccan government's desire to participate in the distribution and marketing of oil products. Under the agreement, SNPP will distribute various Esso products in Morocco for a minimum of five years.

Korea takeover
SOUTH KOREA plans by 1979 to take over the management of Korea Oil Corp. from Gulf Oil which currently controls half of the refinery operating joint venture with Koreans, officials said on Friday, reports AP-DJ from Seoul.

There have been occasional criticisms, particularly on the Korean National Assembly floor, against allegedly excessive profit making by U.S. oil majors from local oil refinery operations in joint ventures with Koreans.

The Korean officials said that Gulf Oil made an additional equity investment of \$25m in 1970 on condition that it be given the power to manage Korea Oil until it recovered \$37.5m, 150 per cent. of the \$25m in profits.

Disposals at Singer
THE SINGER Company announced that it has reached an agreement in principle to sell substantially all the assets of its sewing machine division to a private group of investors headed by W. Gordon Jarvis, president of Combustion Power Co. Inc., reports UNS. The investor group is composed of a large casualty insurance company, Hambros Bank and Institutional Venture Associates, a limited partnership whose partners include five large life insurance companies and a major foundation.

The agreement is subject to the negotiation of a definitive contract and governmental approvals. It is expected that the closing will take place on or about December 31.

Singer also announces its agreement in principle to sell substantially all assets of its tufting division to Spencer Wright Industries Inc., a new corporation in which the current management of the division, including Spencer Wright, vice-president and general manager of the division, will have a majority interest.

Spencer Wright Industries will be headquartered in Chattanooga, Tennessee, and will have major production facilities in Chattanooga and in Blackburn, England. The tufting division manufactures carpet tufting machinery and finishing equipment which it sells on a world-wide basis.

Sanyo plan cleared
THE JUSTICE Department said it doesn't intend to oppose a plan by which Sanyo Manufacturing Company will replace Whirlpool Corporation as owner of a further processed in colour television receiver business of Warwick Electronics Inc., mailing equipment division to a reports AP-DJ from Washington.

The 25th annual general meeting of Rand Selection Corporation Limited will be held in Johannesburg on Friday, January 21, 1977. Copies of this review and the Annual Report and Accounts are obtainable from the London office of the company at 40 Holborn Viaduct, EC1A 1JL. The office of the transfer secretaries, Charter Consolidated Limited, P.O. Box 102, Charter House, Park Street, Ashford, Kent, TN24 8EQ.

DUTCH COMPANIES

Builders showing improvement

BY MICHAEL VAN OS

AMSTERDAM, Dec. 20.

REVIN, the Dutch building manufacturer, has said here that its nine-month turnover, said in its nine-month statement published in Utrecht at both this year's net profits of 1975-76. As reported at the beginning of this month, the company suffered a net loss of amount to at least Fls20m, Fls16.2m during the year after which would be about Fls2.5m, having managed just to break even in 1974-75. An improvement for 1976 turnover should rise to Fls17.7m, which is up Fls0.3m, started year.

United NBM, another Dutch building company, said that after 10 consecutive years of losses that would show a pre-tax profit of around Fls3m, after depreciation, in the second half of the year, the interim statement published in Rijswijk said, would be somewhat on last year's level of Fls7.25m, to reach a Fl70-720m.

NBM added that despite the result economic climate, the order book was "well filled" in order sectors of activity. As expected, the company will again have no dividend in 1976, having paid a dividend in 1973.

Royal Scholten-Hoog (KSH), could only say the office would be opened "in the course of the year".

NSU, Holland's largest shipbuilding company, said in its nine-month statement that profits had developed "somewhat better" in the second half than was foreseen on the announcement of the half-year figures in August.

It is now stated that this year's profit will not deviate much from the 1975 level of Fls101.9m. First-half profits had fallen to Fls42m from Fls60.2m in the same half of 1975 as a result of the recession.

AMRO Bank, Holland's second-largest commercial banking house, said it plans to open an office in London. The Bank Group, which has a 40 per cent. share capital amounting to Fls98m.

The move marks a further internationalisation of Amro Bank, which is already represented in London by its participation in the European Banking Company, in which Midland Bank is also a shareholder.

Amey, the insurance company, said in Utrecht that its life insurance subsidiary "Utrecht" has reached agreement with management of the Dutch investment fund "Neio" on a cash bid for the around two-thirds of the fund's shares not already owned by the company. The bid prospectus will be published on January 21.

Amey said that the height of the bid will be in accordance with Neio's intrinsic value per share as at December 31, 1976, with the provision that the value of real estate will be assessed by independent experts.

As reported earlier this month, the fund's total assets amounted to about Fls98.4m, of which 36 per cent. is employed in property, 25.9 per cent. in shares and 31.1 per cent. in bonds. The share capital amounted to Fls98m.

This announcement appears as a matter of record only.

December 21, 1976

\$50,000,000

American Petrofina, Incorporated

Notes due October 1, 1996

The undersigned has arranged for the placement of the above Notes with institutional investors.

Smith Barney, Harris Upham & Co. Incorporated

UDDEHOLM

SWEDEN

U.S. \$27,500,000

SEVEN YEAR LOAN

ARRANGED AND PROVIDED BY

SKANDINAVISKA ENSKILDA BANKEN

CITIBANK, N.A.

DECEMBER 14, 1978

BASF to invest DM500m. in new cracker

By John Wicks

ZURICH, Dec. 20.

THE GERMAN chemical undertaking, BASF, of Ludwigshafen, has announced plans to invest some DM500m. (212m) in the construction of a steam cracker in Ludwigshafen to secure long-term supplies of basic petrochemicals. Working with a crude benzene feedstock, the new plant will produce primarily 300,000 annual tons of ethylene, 165,000 tons of propylene and 270,000 tons of pyrolysis benzene. These will be further processed into plastics, solvents, plasticisers, anti-foam agents and super-grade petrol.

The new cracker is expected to be commissioned in 1980 or 1981. Like an existing steam cracker operated by BASF since 1965 and with one-half of the new unit's capacity, it will work to a conventional thermal process, with energy provided by natural gas and sulphur-free fuel gases. Such gases as are emitted at the running on and off of the unit and in cases of disturbance are burnt off safely in a flame stack.

BUHRMANN - Tetterso N.V., Amsterdam, has reached agreement with Sieber and Company K.G. in Firth near Neurenberg to purchase a 80 per cent. share in Sieber, reports Birmann.

Sieber is one of the biggest importers of toys in West Germany.

Rand Selection Corporation Limited

(Incorporated in the Republic of South Africa)

Extracts from the review by the Chairman, Mr. G. W. H. Rely

Influences could prevail to the extent they did during the first few auctions, despite the favourable underlying supply/demand equation. Yet it became clear, even before the third auction, that short selling had been overdone. In addition, the West European countries, as anticipated, did not regard it to be in their interests to have the fall in price continue. Thus it was largely a combination of technical market factors and the implications of the agreement by the European Economic Community to seek a change in the auction technique employed at the IMF gold sales which led to a firming in price at the third auction and a sharp upward movement subsequently.

It is significant that a more encouraging price level was maintained despite the decision by the IMF that the bid price rather than the common price method would be used again at the fourth auction on October 27 and reiteration of its decision to sell 25 million ounces of gold over a four-year period. The market has clearly been influenced by calls made by some countries at the annual meetings of the IMF and World Bank in Manila early in October for more flexibility in the technique used in the auctions, designed to maximise profits from the sales and by the apparent readiness of Fund directors and the United States to consider changes to the sales mechanism after the fourth auction. These included the possibility of holding weekly auctions as a method less disruptive to the market.

The signs are therefore that the world is not yet ready to part with a trusted and politically secure asset. Renewed uncertainty about the prospects for the world economy has probably led to some shift away from investment in financial assets and back into gold. It cannot be denied that potential sales from the IMF or the U.S. Treasury must set a limit to any upward movement in the near term, but the results of the fourth auction, which established a price of \$117.71, after heavy over-subscriptions, and the further rise to around \$130, suggest that a more confident outlook is justified.

Rand Selection is well-placed to participate through Amgold and other interests in the development of the Anglo American Group's uranium producers. The Anglo American Group's competitive position in this field will be further enhanced by a joint metallurgical complex being developed in the Orange Free State and the uranium plant at President Brand was commissioned during the year. It is expected that this project will contribute materially to the Anglo American Group's production of uranium in the future.

Rand Selection's fortunes as a broadly based company are closely allied to those of the country as a whole. The improved outlook for gold is encouraging but, in the wider sphere, it is essential that wiser and more forward looking policies should manifest themselves to restore the faith of both local and foreign investors in the potential of South Africa, so that the economy can advance again, as it has done in the past.

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Since its foundation in 1848, the Leeds Permanent has had as its first concern the interests of its savers and borrowers. People's homes and investments are of prime importance.

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"At Leeds Permanent, we are dedicated to the proposition that everyone has a right to own his own home. We believe this desire to be one of the compelling virtues of modern society.

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We are proud of our achievements in 1976:

Total assets	£1,622m	+19.77%
Receipts from investors	£709m	New record
New investment accounts	280,000	New record
Mortgage lending	£362m	Almost £1m a day
Mortgages granted, over	43,000	New record
New branches opened	35	

The opportunity to save to become one of our 'family' can be achieved at any one of our 219 branch offices throughout the country, or from one of our agencies.

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INTERNATIONAL FINANCIAL AND COMPANY NEWS

Toyo Kogyo extending Ford link

BY CHARLES SMITH

TOKYO, Dec. 20.

TOYO KOGYO, Japan's third largest car manufacturer, extended today that it will be importing its tie-up with Ford of 2.3-litre engines in Ford's Brazilian affiliate for up trucks to be manufactured for the U.S. company. Toyo Kogyo is already making 1.6-litre pick-up trucks for Ford, but with components manufactured entirely at its own plant by Japanese suppliers. The tie engine will meet a growing North American demand for lighter more powerful truck. Toyo Kogyo disclaims any special significance to the deal and the need to add an additional option to the range of up trucks Ford is currently offering. Local Press comment, however, sees the triangular tie as an important move towards extending Toyo Kogyo's overseas relationships. Toyo Kogyo conducted merger talks with Ford in the late 1970s but broke off the talks, reportedly because of a disagreement over the size of the Ford shareholding under the merger. Since that time Toyo Kogyo has appeared extremely coy about link-ups with foreign companies. However, at least three major relationships do exist, apart from Toyo Kogyo's now historic purchase of the Wankel patent for the rotary engine (of which it has become the leading world producer).

Toyo Kogyo imports car bodies from GM Australia for its rotary engine Roadster car. It also buys diesel engines from Perkins of the U.K. for light duty trucks under an agreement signed in 1968. These two arrangements, plus the pick-up contract with Ford have meant that the company has avoided leaning on a single overseas motor company as its major partner. The relationship with Ford, however, is clearly growing in importance, and could overshadow those with other foreign companies. Ford at present differs from General Motors and Chrysler in having no direct capital stake in a Japanese motor company. GM currently has a minority stake in Isuzu (whose Gemini passenger cars are being exported to the U.S.). Chrysler has a holding in Mitsubishi Motor Company. Toyo Kogyo stands midway between the two top Japanese car makers, Toyota and Nissan, which are too powerful to admit foreign capital participation, and the smaller and weaker companies which have begun to move into the orbit of the American motor industry. The company has a strongly independent tradition (exemplified by its wholehearted commitment to the rotary engine) but it has passed through difficult times recently and its future cannot yet be considered completely clear. Toyo Kogyo, as a highly integrated enterprise, needs to maintain a high operating rate for profitability, but is currently still operating at 85 per cent of its full plant capacity. The addition of a 2.3 litre model to the range of Courier pick-ups which the company makes for Ford could result in a better capacity ratio. Toyo Kogyo said today that it expected the first engines from Brazil to reach it early in the new year. The company could not provide initial production estimates but eventual output may be in the region of 30,000 to 50,000 trucks per year. Toyo Kogyo's deal with Ford coincides with the opening of a brand-new Nissan plant for manufacturing pick-up trucks in Kyushu, the southern-most major island of Japan. Nissan's Kyushu plant will produce about 22,000 units per month of two litre engine pick-ups. Most of the production replaces that at existing Nissan plants which are being turned over to passenger car manufacturing.

Kenya's paper company recovers

NAIROBI, Dec. 20.

KENYA'S once-lame giant, the 24m. Pan African Paper Mills at Webuye, has returned to full round-the-clock production of 3,750 tons a month for the local and export markets. The mill's more satisfactory trading position has brought a new capital injection of £2m. from the principal investors—the Kenya Government, the World Bank's International Finance Corporation, and the Orient Paper Mills of India, which manage the mills.

Pan-African Paper Mills now tops the league of large projects in Kenya, and is the biggest undertaking of its kind in black Africa. The mill, however, struck hard times after it went into production in 1974 and faced an extremely difficult market position for two years.

During the building stage local merchants built up a large competition stockpile of imported bleached and unbleached paper and board, glutting the market. There was great concern in Kenya when the mills had to close for 30 days in 1975.

The mills had also failed to take into account the declining market in the stricken East African community. The Uganda market collapsed and Tanzania bought little paper from the mill.

Almost all the requirements of the growing Kenya market in bleached and unbleached papers are now being satisfied. The mill does not make newsprint, toilet paper, cigarette papers, heavy board or art paper. Some 30 per cent of the mills products are now being exported to Pakistan, Iran, the Sudan and Zambia. Some paper has been sold to the EEC countries, qualifying under the Lomé Convention for equal status to paper produced in Europe.

SECURITIBANK COLLAPSE

When a bank is not a bank

BY DAI HAYWARD IN WELLINGTON

ONE OF the most complicated legal battles in New Zealand's corporate financial history is should have a standing army of 20,000 unemployed. This which has financed a multi-million dollar office block where even today, at the height of an economic crisis, 4,000 unemployed is regarded as an avoidable but only temporary factor.

The top twenty shareholders of Securitibank, which will go into official liquidation in New Year, include Norwich Union, holding 18 per cent of the shares, Prudential, 8.5 per cent, Rothman Industries, 6 per cent, and New Zealand Government Life Insurance, 17 per cent.

During its ten years of existence Securitibank developed into a sizeable dealer in all forms of money market securities. Formed in 1966 it handled commercial bills, Government and local authority stocks, contributory mortgages and provided a source of finance to companies seeking funds. Over the years, Securitibank has been the normal sense and already last year or so it has offered questions being asked as to how and why it was able to incorporate the word "Bank" into its title.

The New Zealand Companies Act prohibits the use of the word "Bank" in the name of any company except the five officially recognised trading banks and the New Zealand Reserve Bank. Although Securitibank added the word into a one-word title it nevertheless was regarded as "a bank" by many ordinary investors. This was further encouraged by the name of one of its subsidiaries "Merbank".

Securitibank was originally named Security Dealers, a title which more aptly described its main original functions. It attracted a blue chip investment folio and some of the most respected names in New Zealand in business and legal circles as directors.

Founder and managing director of the company John Russell frequently appeared in the media and on NZ television as a pundit whose views on the economy and the economic situation in New Zealand were worthy of attention.

Other property deals have cost Securitibank millions of dollars—and indeed it can be said that this up before Christmas and thus gain a respite and some cash, to meet demands of creditors but Narau has been reluctant to sign the final deal.

A court case now before the New Zealand court, and instituted by Belgian businessmen concerns negotiations made last year by a property group, Kelmac, to conclude a deal with whole financial NZ structure.

Forecast of profits from Tai Cheung

Philip Bowring

HONG KONG, Dec. 20.

CHEUNG, a medium-sized property company, today forecasts profits for the year ending March 19, 1977 would be less than HK\$30m, compared with HK\$18.5m. last year. The half way stage stated net profit was HK\$11.8m, compared with HK\$3.2m, and the firm dividend has been raised 2.5 cents a share from one.

Quador contract

Itachi Shipbuilding and engineering of Japan said it has secured a \$34.5m. contract to build a sugar manufacturing plant to Companhia Agropecuaria Industrial (CAFI) of Quador.

Hooker director buys shares as the price slides

BY JAMES FORTH

SYDNEY, Dec. 20.

HOOKE Corporation, major property and real estate group, is contemplating legal action over published reports which the company believes are largely responsible for a dramatic plunge in its share price.

Hooker shares dropped from 66 cents on Thursday to 55 cents—only five cents above par—at the close of trading on Friday. More than 1.2m. shares changed hands during the sell-off.

Several fund managers, apparently worried at rumours that the company faced difficulties with some of its property projects, have been heavy sellers. Since the annual report was released in mid-November, which gave a great deal of disclosure about the company's trouble spots, more than 5 per cent of

Hooker's capital has been traded on the share market. The market slide would almost certainly have been greater but for the actions of Mr. Albert Shepherd, a Hooker director. Mr. Shepherd has also been the largest individual shareholder in Australia's biggest company, Broken Hill Proprietary, for several years.

Mr. Shepherd said that he was selling BHP to buy Hooker and had picked up 370,000 shares during the heavy trading.

Sydney Stock Exchange asked the company about the sudden price fall. The Hooker directors replied that they suspected it might have been caused by a newspaper article, which omitted some important considerations and fact and thus was incomplete and misleading, and a circular by a Melbourne sharebroker, reportedly Davies and Dalziel.

The broker's bulletin, which was not referred to the company for verification of detail, was described as "erroneous and misleading." It had calculated Hooker's borrowing capacity at June 30 at \$A10m, less than the correct figure, which gave the company only a slender margin under its trust deed of only \$A2.7m. instead of \$A12.7m.

The comment, inferences and consequences were seriously misleading and references to certain activities and obligations were incomplete. Hooker's solicitors had been asked to advise whether the company should issue writs for damages in respect of the documents and to "inhibit incorrect or incomplete reporting in the future."

Mr. J. Keith Campbell will talk to Sydney shareholders and invited guests to-morrow to answer questions arising from the accounts. Several brokers approached the company seeking the meeting.

Mr. Campbell's ability to reply in detail may be constrained by the recently enacted Securities Industries Act, which contains stringent safeguards against the passing of information to prevent the possibility of insider trading.

After Hooker released its statement, the price of the shares jumped 14 cents to 69 cents, more than recouping last week's slump. Almost 500,000 shares were traded with Mr. Shepherd apparently picking up a further 60,000 shares.

EDF bond issue

PARIS, Dec. 20.

THE FRENCH State-run utility Electricité de France (EDF) is to float P.s.1.3bn. of Debentures on the French capital market next week.

The issue will be made up of P.s.1,000 nominal notes carrying a coupon of 11 per cent, and will be guaranteed by the Government.

CREDITANSTALT-BANKVEREIN

US\$ 40,000,000 Floating Rate Notes, 1981

Notice is given pursuant to Condition 3(d) of the Terms and Conditions of the above-mentioned Notes that the rate of interest (as therein defined) for the interest period (as therein defined) from 15th December, 1976 to 15th June, 1977 is at the annual rate of 7 per cent. The US dollar amount to which the holders of Coupon No. 2 will be entitled on duly presenting the same for payment will be \$35,388.9 subject to such amendments thereto (or appropriate alternative arrangements by way of adjustment) which we may make, without further notice, the event of an extension or shortening of the above-mentioned interest period.

European Banking Company Limited acting on behalf of EUROPEAN-AMERICAN BANK AND TRUST COMPANY (Principal Paying Agent)

15th December, 1976

This announcement appears as a matter of record only.

December 21, 1976

\$55,000,000

Altos Hornos de Vizcaya, S.A.

Loan due 1981

Managed by

Smith Barney, Harris Upham & Co.

Banque Louis-Dreyfus

The Arab and Morgan Grenfell Finance Company

Banco Arabe Español, S.A.

Banco Urquijo Hispano Americano

Banque Nationale de Paris

Berliner Handels- und Frankfurter Bank

National Westminster Bank

Trade Development Bank

Provided by

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20th December, 1976

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FINANCIAL TIMES

Tuesday December 21 1976

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Nearly 4m. settle within Stage Two

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

A TOTAL of nearly 4m. workers have settled within the limits of the second stage of the pay policy since it came into force at the end of July. At a time when the rate of inflation has been rising this suggests that real personal disposable income is likely to fall more rapidly next year than in the past.

The total was disclosed yesterday by the Department of Employment as it announced a further fall in the year-on-year rate of increase in wages.

The settlements so far agreed are equivalent to about a quarter of those expected to be covered by major agreements in the course of a full year's wage round.

The Department says there have been no breaches of the policy to date, so that even after allowing for overtime, regrading, drift, and any siphoning, the rate of rise in average earnings in the year to next July is likely to be significantly lower than the rate of increase in the cost of living.

The recent Bank of England quarterly bulletin, for example, projected a rise in earnings of around 7 to 8 per cent. (and other estimates are at most only a point or two higher). Meanwhile the rise in retail prices is unlikely to fall below 14 per cent. in 1976-77, and could be higher.

The index of weekly wage rates given by the Treasury forecasts of 12.8 per cent. to 21.3 per cent. increase in the 12 months to the fourth-quarter of 1977.

Consequently even after making a further adjustment for social security payments and tax, these figures suggest that real personal disposable income will fall sharply next year, possibly by as much as 3 to 4 per cent.

The decline in disposable income has been much more gentle up till now, and indeed there was a rise of almost 2 per cent. in the third quarter of this year as a result of the tax rebates.

The sharper fall in disposable income forecast for next year also explains why consumer spending is officially projected to drop by 2 per cent. next year compared with 1976 despite the probable assumption of a decline in the savings ratio.

The current position is not wholly clear since, for the second month running, the earnings index has not been published because of an industrial dispute in the Department of Employment—the latest figures refer to August.

The earnings index is regarded as a better guide to the underlying trend than the wages figure, which refers solely to basic rates, while the rise in retail prices is unlikely to fall below 14 per cent. in 1976-77, and could be higher.

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Vauxhall likely to agree deal on lay-off pay

BY ROY ROGERS, LABOUR CORRESPONDENT

VAUXHALL MOTORS is on the verge of conceding a lay-off pay agreement for its 21,000 workers which could have important implications for other British motor manufacturers.

Improving lay-off pay has been one of the main union aims over the past year or so. In the main, however, only minor alterations have been negotiated, even though there are no restrictions on lay-off pay improvements under the present wages policy.

Now Vauxhall and its unions have agreed in principle that men made idle by external industrial disputes should receive full basic pay subject to a maximum of 180 hours (20 working days) a year.

A further restriction is that payment would be limited to 40 hours (five days) a quarter.

Any of this entitlement not taken up could be held over until the next quarter, but no more than 80 hours (10 days) would be paid in any one quarter.

Vauxhall's present agreement allows for 70 per cent. of basic pay for a maximum of 25 days a year for workers made idle because of external disputes.

The proposed new agreement comes after a similar deal earlier this month covering about 8,000 workers employed by AC-DeLo.

which, like Vauxhall, is a subsidiary of General Motors of the U.S. These developments are certain to increase pressure on other motor manufacturers to improve their lay-off pay arrangements.

It also set up a joint sub-committee with the trade unions to study extending coverage to times when workers are made idle by disputes at other Ford plants.

Chrysler already guarantees 65 per cent. of pay for workers laid-off by dispute at other Chrysler plants in the U.K. and 70 per cent. for those made idle because of outside troubles.

British Leyland's manual workers receive lay-off pay when affected by disputes at other Leyland plants or caused by external issues.

In common with most manufacturers, these payments, which vary from plant to plant, are not made when men are idle because of industrial action within their own plant.

Union negotiators can be relied on to try to match the Vauxhall proposal when annual pay and conditions negotiations fall due.

Guerillas guilty of mass murder, say Rhodesians

BY OUR FOREIGN STAFF

AFRICAN nationalist guerillas were yesterday accused of massacring at least 26 black tea estate workers on a plantation near Rhodesia's eastern border with Mozambique.

A Rhodesian security force communiqué issued in Salisbury said guerillas had abducted a number of workers, their wives and children from the plantation on Sunday.

The men had been forced to walk to a neighbouring tea estate and then told to die down. The guerillas opened fire with automatic weapons killing at least 26 and injuring seven.

Some workers from the estate were still missing, the communiqué added. Unofficial reports said 27 labourers had been killed.

Some reports said the incident took place in the Inyangwa mountains, north of Umtali, and others that it took place near Melsbeter to the south. Last week 70 guerillas and eight Rhodesian soldiers were reported killed in a series of running battles in the Umtali area.

Rhodesia has accused nationalist guerillas of making a series of similar attacks, including the murder of three Roman Catholic missionaries earlier this month, by Bishop Abel Muzorewa, leader of the United African National Council, blamed that incident on the Selous Scouts, a crack Rhodesian anti-insurgency unit.

In Gaborone, the Botswana Government yesterday said its Mobile Police Unit had exchanged fire for the first time with Rhodesian troops who had crossed into Botswana territory.

The Secretary in the President's Office, Mr. P. L. Steenkamp, said the 20-minute battle had taken place near Francistown, a few miles from the border with Rhodesia, early on Saturday. A Botswana policeman was wounded in the leg.

Mr. Steenkamp said the clash had taken place near a police barracks on the outskirts of Francistown. A refugee transit camp for supporters of Bishop Muzorewa's ANC lies near the compound but Mr. Steenkamp said the police base appeared to have been the Rhodesians' target.

In Salisbury, a Rhodesia Government official denied that a clash had taken place. He said it was a fact that nationalist guerillas had been operating from Botswana and the Gaborone government could help reduce tensions in the area by expelling these "terrorists".

Botswana plans to lay evidence of alleged border violations by the Rhodesian security forces before the UN Security Council and the Foreign Minister, Mr. Archie Mogebe, is likely to fly to New York this week to lodge a protest.

At the United Nations, the General Assembly yesterday called for wider economic sanctions against Rhodesia and asked the Security Council to meet urgently to consider the matter. The resolution also condemned the continued importation of Rhodesian chrome and nickel by the U.S. in violation of existing sanctions orders.

BR appointments end two-tier structure

FINANCIAL TIMES REPORTER

FOUR SENIOR railway executives and a new part-time member are to be appointed to the Board of British Rail next month in a major re-constitution of the Board's role.

The present two-tier structure, set up in 1969 in which the Board concentrated on policy making and longer-term direction while responsibility for day-to-day management was delegated to a railways management group and subsidiary boards for the railways' ancillary activities, will disappear.

Instead, the direction and the management of the main railway business are to be fused in a single Board containing a large full-time executive element.

The changes, which are intended to tighten lines of command and communication within British Rail, were announced last night by Mr. William Rodgers, the Secretary for Transport, but they clearly bear the hallmarks of Mr. Peter Parker who took over as BR chairman in September.

They were foreshadowed by the promotion of Mr. David Bowick, chief executive (railways) to the main Board soon after Mr. Parker's appointment was announced. Mr. Bowick, who remains railway chief executive, will become one of BR's two vice-chairmen on January 10, when the other changes take effect.

Subtle Two of the new full-time Board members are BR regional general managers. They are Mr. R. B. Reid of Southern Region who is to become Board member for the Midlands and Mr. J. G. Urquhart, at present at London Midland region, who will be responsible for rail operations.

The new part-time member is to be Mr. Michael Posner, until October the Treasury's deputy chief economic adviser and now a reader in economics at Cambridge University.

The changes, which may be followed by others in BR's top management, were seen by some railwaymen last night as indicating a subtle change in the position of the regional general managers. They are at present members, as are the heads of the main functional departments at BR headquarters, of the railways management group under the chairmanship of the railways chief executive.

This group will in effect be reconstituted as an executive of the main Board with much the same membership, but some of its functional members will now be on the Board while others—like the heads of the five regions—will remain chief managers.

For example, engineering and research, personnel, marketing, and operations will all now be Board posts, but the new chief passenger and freight managers—posts at present given executive director status—will in future report to Mr. Reid, the new chairman for marketing and the new organisation is not intended to pre-empt any changes which may eventually result from the work of the Bullock committee on industrial democracy and the Mackintosh committee on the relationships between the nationalised industries and the Government.

Minority deal for Hanson

THE LEX COLUMN

It is some nine months since Mr. Gordon White emerged in documents published in the U.S. as an important minority shareholder in Hanson Trust's overseas holding company, and he is now introduced to shareholders of the parent company along with proposals to buy out his 10 per cent. stake for an as-yet unspecified sum.

Mr. White's success has been considerable. Some 2½ years ago he purchased the stake for £1.1m. of which just 0.1 per cent. (or £265, at the current exchange rate) is at present paid up. In the current year U.S. profits are forecast to represent more than 60 per cent. of the group total, which in turn are expected to be well up on the £19.2m. pre-tax of 1975-76. The book value of the White family interest was £1.6m. as at last September 30, although of course Mr. White will have to settle the outstanding £265,000 consideration at the time of any deal. Hanson hopes to retain Mr. White on a consultancy basis, he is currently studying take-over possibilities in Europe.

The original understanding was for the relationship to run for up to five years, leading to a U.S. flotation (which now seems to have been dropped). But there was a potential conflict of interest, in that the expansion of the overseas operation has been financed by debt partly secured on, or guaranteed by, the parent company.

The impact of the U.S. acquisitions has been spectacular, but only over a very short period mostly covering an economic upturn, and some evidence that the U.S. operations have staying power would be welcome before any settlement is reached, even though it might be more expensive for Hanson to wait. This kind of prudence could help Hanson to achieve a stock market rating more in line with its excellent record. As things stand, the status of the shares may not be helped, especially as the report discloses that five out of eight directors have been significant sellers over the past year.

Keyser Ullmann The impact of the U.S. acquisitions has been spectacular, but only over a very short period mostly covering an economic upturn, and some evidence that the U.S. operations have staying power would be welcome before any settlement is reached, even though it might be more expensive for Hanson to wait.

This catalogue of gloom cut the shares 2p to 15p and a market capitalisation of £9m. yesterday. But the statement ends on a brighter note. Property sales and other receipts of perhaps £26m. this year are expected to exceed cash outgoings by around £18m., and net cash receipts are scheduled to rise by a third in 1977-78. By March, sales and lettings now in hand should have increased the annual rate of income by over £1m. and even at current interest rates group could hope to clawing back its break-even next year and start with drawing on prior year provisions, which have reduced the latest losses by £2m.

Graft Diamonds Graft Diamonds is trying to improve its profits by re-forming the company's chairman, Mr. Laurence Graft, is going to buy back for 25p a share which were originally sold to the public by him for 57p in 1973. So the document connection with the scheme arrangement goes to lengths to insist that an upsurge in profits from £478,000 in 1973 to £620,000 in just five months this time is a triumph. The trouble is Mr. Graft has no more money the kitty regardless of who or how badly the company performs. Hambros Bank, which floated Graft, still advises side shareholders to accept And it turns out that several investment and unit trusts which are to accept in total of £60,000 (30 per cent. of relevant shares) are managed by Hambros. In 1973 420 shares were left with the unit writers.

Iltingworth Morris Profits are recovering slowly at Iltingworth Morris, which at half-year total added £1.43m. pre-tax, and out projections for the year (March) now start at £1.31m. against £0.8m. last and the £4.9m. peak of 1977. There were provisions of £1.1m. in 1974-75 and leaving out of the net having lost in the second half of last year. So helped by good demand overseas earnings per share could conceivably emerge around 41p and provide scope for an increase in dividend (the historic yield 11 per cent. and uncovered). But net overdrafts are around the £2m. mark, rising costs currently account for 52 per cent. of profits before interest and even in its years Iltingworth was hard to generate much more than £3m. of depreciation and £1m. at 16p the shares a quarter below par value, the future of the Distar shareholdings has still to be resolved.

Plan to reorganise State shipyards

BY JOHN WYLES, SHIPPING CORRESPONDENT

AN INTERIM plan for shipbuilding based on the reorganisation of the existing State-owned yards and the creation of a new management team to boost the entire industry's marketing effort is being considered by the Government.

This emerged yesterday at a tripartite meeting led by Mr. Eric Varley, industry Secretary, to discuss the grim prospects facing merchant shipyards.

They were outlined in a working party report prepared by Departmental representatives, members of the Confederation of Shipbuilding and Engineering Unions, and of the organising committee of British Shipbuilders.

The discussion acknowledged that the nationalisation Bill may still be a distant prospect because of delays imposed by the Lords and that unless some measures were urgently taken, British yards may bear the full brunt of the world crisis of too many yards chasing too few new orders.

However, despite the imminence of redundancies at a number of yards, confederation leaders were said to have taken a moderate line at the meeting which will reconvene during the first week of January.

Union leaders took some comfort from Mr. Varley's announcement that he and Mr. Edmund Dell, Trade Secretary, would shortly be meeting representatives of the shipping industry to urge a more emphatic "Buy British" policy.

Massey deal with Egypt

By Our Industrial Staff

MASSEY-FERGUSON has signed a collaboration agreement with the Egyptian authorities to form a joint company to manufacture tractors and diesel engines. It is envisaged that Massey-Ferguson will hold up to 40 per cent. of the equity in the company, which will manufacture up to 5,000 tractors and 6,000 engines a year.

At present, the Egyptian tractor market, fluctuating between 1,500 and 2,500 units a year, is supplied mainly by imports from Eastern Europe. But for the past year, the Egyptian Government has been negotiating with various Western tractor companies, and it appears that, in principle, Massey-Ferguson has been chosen as the preferred manufacturer, although many details remain to be discussed before construction of the plant goes ahead.

The size of the projected plant indicates the Egyptian Government's desire to encourage exports. It is hoped that part of the company's production will be sold in neighbouring Middle Eastern countries.

The signing of the agreement is important both for Massey-Ferguson and for the U.K., since there is a strong competition among European, American, and Japanese manufacturers to participate in Egypt's industrialisation programme.

Flat is believed to be negotiating a project for the manufacture of cars and commercial vehicles, while another European group, involving Bertel of France and Deutz of West Germany, has been discussing a truck and bus project. Massey-Ferguson is engaged on a number of other tractor manufacturing projects around the world, of which the two biggest are in Iran and in Poland.

First devolution Bill amendments tabled

BY RICHARD EVANS, LOBBY EDITOR

THE FIRST BATCH of what promises to be a mountain of amendments to the Scottish and Welsh devolution Bill shows the difficulties the Government will encounter next year during its line-by-line committee stage.

The Opposition Front Bench has tabled a series of amendments proposing that Wales should be deleted from the Bill and some Tory backbenchers have suggested even more fundamental alterations.

These amendments will be followed, after the Christmas recess, by several hundred more from the Conservatives, Liberals, and other including Labour critics of the Bill.

Weather

U.K. TO-DAY

DULL. Rain or snow in N. Fog in S. London, S.E., Cent., S.W., E. England, E. Anglia, Channel Is., Midlands, Wales.

Dull. Fog, which may be persistent. Mostly dry. Max. 60 (43F).

N.W., Cent. N. England Dull. Fog, which may be persistent. Occasional rain, snow on high ground. Max. 50 (41F).

Lakes, L. of Man, N.E. England, All Scotland, Shetland, N. Ireland.

Dull and wet; snow on high ground. Min. 45C (39F).

Outlook: Cold in N., with sleet or snow. Rather cold in S. with some rain.

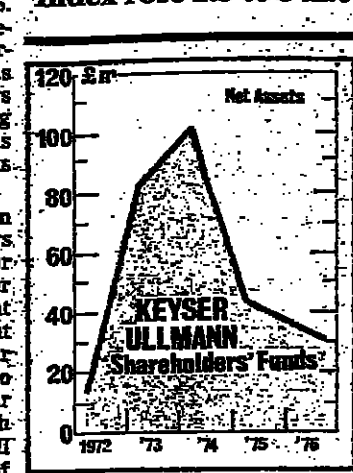
Lighting-up: London 16.23, Manchester 16.21, Glasgow 16.15, Belfast 16.23.

Snow reports Page 8

BUSINESS CENTRES

HOLIDAY RESORTS

Index rose 1.5 to 341.0

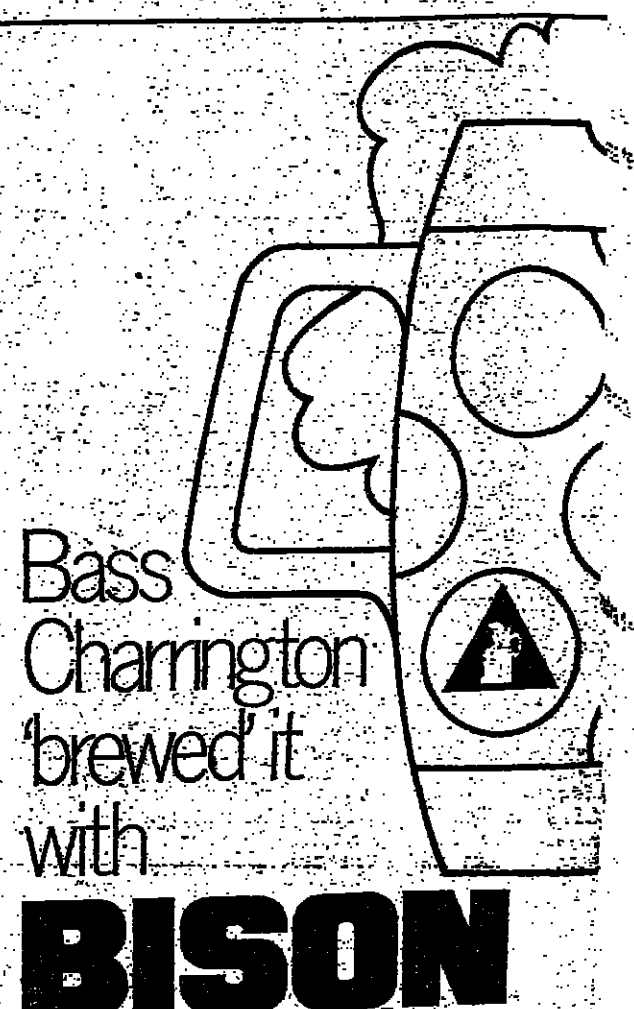


Latest half-year, mostly against loans on office properties of one kind or another. That represents only about 7 per cent. of the written down value of KU's property loans—but it is enough to knock net worth by a full 11 per cent. to £30.4m.

Higher interest rates have also killed the hoped-for disposal of the housebuilding companies, and delayed the property disposal programme by a month or two. In the summer, the hope was that the written down value of doubtful debts would have been reduced to about £30m. or £35m. by the Spring of 1978—a figure which has now risen by about £5m.

At the same time, money costs have risen by about 3 points from an average of 10½ per cent. during the six months to September, and although KU climbed out of the life boat in the summer, it is still using £14m. or £15m. of expensive money under its special standby arrangements. At current interest rates, interim profits of £573,000 before provisions would probably be wiped out over the rest of the year.

This catalogue of gloom cut the shares 2p to 15p and a market capitalisation of £9m. yesterday. But the statement ends on a brighter note. Property sales and other receipts of perhaps £26m. this year are expected to exceed cash outgoings by around £18m., and net cash receipts are scheduled to rise by a third in 1977-78. By March, sales and lettings now in hand should have increased the annual rate of income by over £1m. and even at current interest rates group could hope to clawing back its break-even next year and start with drawing on prior year provisions, which have reduced the latest losses by £2m.



Weld like to toast Bass Charrington. Their new Group Headquarters at Burton-on-Trent won the Burton Civic Society Award for outstanding architecture. Their architect reproduced the rhythmic, repetitive curves characteristic of the surrounding brewery buildings in his design of the load-bearing cladding panels—which BISON produced, together with the precast BISON frame structure and 2800 sq. m. of floors. This Award winning building was finished on schedule and within strict budgetary limitations. Next time you say "Cheers" with BASS, spare a thought for us. Because no one gave Bass Charrington better support than BISON. Architect: Philip E. Mather, FRIBA, Group Chief Architect, Bass Charrington Limited.

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